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JPRS Report

Soviet Union

Economic Affairs

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19990322 084

Soviet Union

Economic Affairs

JPRS-UEA-88-046

CONTENTS

16 DECEMBER 1988

NATIONAL ECONOMY

ECONOMIC POLICY, ORGANIZATION, MANAGEMENT

- Loopholes in State Enterprise Law Hinder Independence, Efficiency
[V. Volkonskiy, et al; SOTSIALISTICHESKAYA INDUSTRIYA, 12 Oct 88] 1
- New 'Bukharin' Discussion Club Holds Conference on Cooperatives
[I. Korolkov; IZVESTIYA, 27 Oct 88] 3

INVESTMENT, PRICES, BUDGET, FINANCE

- More Investment Advocated to Solve Capacity Use, Growth Problems
[K.K. Valtukh, B.L. Lavrovskiy; EKONOMIKA I ORGANIZATSIYA PROMYSHLENNOGO
PROIZVODSTVA No 9, Sep 88] 5
- State Plan's New Fixed Capital Balance Section Discussed
[I. Bobkov; PLANOVOYE KHOZYAYSTVO No 8, Aug 88] 13
- Social Investment Policy Calls for Intensified Renovation, Reconstruction
[L. Svirina; PLANOVOYE KHOZYAYSTVO No 8, Aug 88] 17

REGIONAL DEVELOPMENT

- Savisaar Outlines Steps Needed To Implement Estonian Khozraschet
[E. Savisaar; SOVETSKAYA ESTONIYA, 22 Sep 88] 22
- Otsason on Issue of Independent Estonian Currency
[R. Otsason; SOVETSKAYA ESTONIYA, 22 Sep 88] 26

INTRODUCTION OF NEW TECHNOLOGY

- Goskomtsen Deputy Chairman on Pricing New Equipment
[L. Rozenova; PLANOVOYE KHOZYAYSTVO No 9, Sep 88] 30

AGRICULTURE

AGRO-ECONOMICS, POLICY, ORGANIZATION

- VASKhNIL's Nikonov Replies to Critiques of Leasing System
[Ye. Manucharova; IZVESTIYA, 1 Oct 88] 36
- Measures To Improve Agricultural Management Structure Suggested
[A. Kopylov, D. Pismennaya; SOVETSKAYA ROSSIYA, 25 Sep 88] 38
- RAPO Role in Restructuring Efforts Questioned
[V. Mikhaylov; SOVETSKAYA ROSSIYA, 22 Sep 88] 41
- Role of Subsidiary Enterprises in Industry Viewed [Yu. Kornilov, et al; PPAVDA, 17 Sep 88] 42
- Belorussian Agro-Industrial Complex Progress Reviewed [Ye. Sokolov; PRAVDA, 13 Oct 88] 44

LIVESTOCK AND FEED PROCUREMENT

- Discussions of Ways To Increase Beef Production 47
- Intensive-Pasture Technology [A. Cherekayev; SELSKAYA ZHIZN, 26 Jun 88] 47
- Shortcomings in Beef Production
[ZEMLYA SIBIRSKAYA, DALNEVOSTOCHNAYA No 4, Apr 88] 48

CONSTRUCTION

HOUSING CONSTRUCTION

- Tajik 'Zhilye-93' Housing Program Draft Published
[KOMMUNIST TADZHIKISTANA, 18 Sep 88] 52

CONSUMER GOODS, DOMESTIC TRADE

POLICY, ORGANIZATION

- Austrian Model of Consumer Protection Society Described
[L. Biryukova; SOTSIALISTICHESKAYA INDUSTRIYA, 26 Oct 88] 57

FOOD PROCESSING, DISTRIBUTION

- Reasons for Unreliable Food Supply in KaSSR Cited [A. Gutenev, et al; PRAVDA, 6 Oct 88] 59

GOODS PRODUCTION, DISTRIBUTION

- Measures Sought To Increase Production of Goods
[A. Levin; PLANOVOYE KHOZYAYSTVO No 10, Oct 88] 62

HOUSING, PERSONAL SERVICES

- Comparative Statistics on Housing Conditions Presented [V. Tolstov; IZVESTIYA, 4 Sep 88] 67
Opinion Poll on Cost Increase for Living Space
[A. Krivoruchko; ARGUMENTY I FAKTY, 17-23 Sep 88] 67

HUMAN RESOURCES

LABOR

- UkSSR Trade Minister on Reasons for Uneven Sector Growth
[SOVETSKAYA TORGOVLYA, 8 Sep 88] 70

DEMOGRAPHY

- Migration Controls, Other Planning Needed in Latvia
[N. Baranovskiy; SOVETSKAYA MOLODEZH, 4 Oct 88] 75

MACHINEBUILDING

ORGANIZATION, PLANNING, MANAGEMENT

- Statistics Indicate Problems, Achievements in Machinebuilding
[M. Karpunin; AGITATOR No 18, Sep 88] 78
Summy Machinebuilding Association Transfers To Lease Relations
[V. Romanyuk; IZVESTIYA, 27 Oct 88] 81

TECHNOLOGY ACQUISITION, ASSIMILATION, COOPERATION

- Worker Training Lagging Behind Introduction of New Technology 84

TRANSPORTATION

MOTOR VEHICLES, HIGHWAYS

- Gorkiy Diesel Engine Production Problems Scored [V. Lisin; PRAVDA, 19 Oct 88] 85
'Oka' Production at Yelabuga Plant Detailed
[U. Bogdalov; SOTSIALISTICHESKAYA INDUSTRIYA, 16 Aug 88] 87

RAIL SYSTEMS

Railroad Plan Performance Highlighted	89
October Plan Noted 27 Oct 88]	89
Problem Areas Reviewed [GUDOK, 30 Oct 88]	89
Performance Problems Examined [V. Sluzhakov; GUDOK, 6 Nov 88]	90
Collegium Examines New Action Program [GUDOK, 20 Sep 88]	91
Rolling Stock Turnaround, Repair Scored [O. Sidelnikov; GUDOK, 20 Sep 88]	100
New Organization Services BAM Tunnels [G. Ulyanova; GUDOK, 13 Aug 88]	101
Safety, Hazardous Cargo Handling Examined [V. Chibisov; GUDOK, 31 Aug 88]	103

ECONOMIC POLICY, ORGANIZATION, MANAGEMENT

Loopholes in State Enterprise Law Hinder Independence, Efficiency

18200034a Moscow SOTSIALISTICHESKAYA
INDUSTRIYA in Russian 12 Oct 88 p 1

[Article by V. Volkonskiy, Doctor of Economic Sciences and A. Vavilov and M. Belkin, candidates of economic sciences, Moscow: "Old Methods Employed in a New Manner"]

[Text] One can assume that life has proven that branch ministries, intermediaries which have interjected themselves between society as the customer and the production enterprises, are unable to satisfy fully the requirements of either side. Gigantic capitalistic corporations almost never appear in the role of complete monopolists. And our branch ministries are completed monopolies with developed departmental interests which encompass a major proportion of branch production. And until their incompatibility with the creation of a socialist market and with the normal competition of cost accounting enterprises is fully recognized, the economic reform will just drag along.

However, by no means is it enough to recognize that the ministries must be removed from operational control over enterprises. Indeed, all of the relationships are controlled by the branch staffs. Thus importance is being attached at the present time to furnishing assistance to those enterprises which, without preliminary permission, have undertaken those functions which have always been considered to be the monopolistic right of a staff.

The conversion over to complete cost accounting and self-financing is creating favorable conditions for accomplishing this. For example, Minselkhoz mash [Ministry of Tractor and Agricultural Machine Building] is presently living through a financial crisis: the customers have rejected a large portion of its products. It should be recalled that V.I. Lenin appealed to us to draw some benefit from a financial crisis which, in his words, "shakes up institutes and enterprises and eliminates for the most part those which are unsuitable." Logically, use should be made of the existing situation for converting unprofitable enterprises over to cooperative ownership on a lease basis. Having thus raised the responsibility of the collectives, a program for normalization should be outlined together with them and they should be issued long-term credits for converting over to the production of goods needed by the consumers.

The Law Governing an Enterprise created the foundation for liberating labor collectives from the dictates of branch ministries. But during revolutionary periods, the

social conditions change very rapidly and many contradictions clearly become apparent in its statutes—those cracks through which the life-giving moisture of reconstruction can disappear in the sand.

A flagrant flaw which transforms a legislative norm concerning the economic independence of enterprises into a good desire—the right of ministerial workers to establish the norms for the distribution of their income. One representative of this administrative level—economic norms—was expressed figuratively and sincerely—lines by means of which, in the manner of a puppet, we can manipulate enterprises. And they are being manipulated.

Income distribution is a most important economic mechanism. In a majority of countries, there is good reason for ensuring that the norms for the principal taxes are established not by the Ministry of Finances, but rather by the country's central legislative organ. The law is equally binding upon enterprises and the ministries.

In our Law Governing an Enterprise, mention is also made of the word "legislation." However, it is obviously employed in a vague context: "An enterprise contributes... payments as called for in the legislation and withholdings... in accordance with the established norms."

It is hoped that the "normative" financial system will soon be replaced by a tax type of system. The leaseholders are already taking the first steps in this direction. However, is it enough for the enterprises to be able to function independently and irrespective of the ministries and departments? In particular, will they be able to handle their profits effectively?

The experience of other countries indicates that they will not be able to do this adequately. In Yugoslavia and Hungary, for example, where there are no directive planned tasks and where a tax system for the distribution of income and wholesale trade instead of a funded distribution of resources have existed for a long period of time—even in these socialist countries the economists display considerably stronger interest in raising wages rather than profits. Hence there is a tendency towards "fund consumption," which the Yugoslavian specialists wrote about at one time and towards "clever" mechanisms for limiting growth in wages, mechanisms which are being employed in Hungary.

The overall cause of these difficulties has been recognized: lack of development of the credit-financial system and the absence of a market for credit-monetary resources. In the face of all this, let us state that the chief goal of a radical reform is the creation of a socialist market. There will necessarily be those who will reply: "There is still no market in capitalist countries and you are summoning us back into the 18th Century." There

can be only one meaning to such statements: a modern economy, it is said, cannot develop successfully if there are some enterprises in it that operate under fear and at their own risk.

And this is correct. Yet the conclusion that is usually drawn is basically incorrect. It is believed that this complicated system of coordinating mechanisms under socialism can successfully replace the command-administrative hierarchy of higher organs: enterprise—production association—main administration or VPO—ministry. How does it operate? If we remain within the framework of its logic, then we must recognize as normal the fact that self-financing is referred to as a system under which a ministry retains for itself, from money earned, as much as it needs (more exactly, as much as it believes should be retained).

The metastases of this tumor sprouted downwards. For example, production associations in machine building quite often consist of several enterprises located in various regions of the country that are not always joined by a single technological plan. Thus the instrument or repair services cannot be centralized, the size of its administrative staff increases rather than decreases and its operations become more cumbersome. The leading enterprise accepts its "task" as a tiresome burden.

Who will resolve the problem? Who needs such serious flaws? The ministry. But why? For example, in order to "reduce" the size of low profitability enterprises by merging them with highly productive ones. More exactly, to conceal them behind a handsome facade.

Even statistical data testifies to the fact that associations organized "from above" do not raise but rather even lower production efficiency. Compared to 1970 when labor productivity in PO's [production associations] and NPO's [scientific production associations] was 8 percent higher than at enterprises which had not joined associations, in 1980, following the rapid process devoted to the creation of associations, it became 7 percent lower. And in 1986—20 percent lower. In our opinion, this was by no means a random happening.

Unfortunately, the Law Governing an Enterprise did not improve the situation in this regard. In Article 23, it is stated with clearly intended mystery: "The reorganization (merging, joining together, dividing up, apportionment, transformation) and termination of the work of enterprises will be carried out in the established manner in accordance with a decision handed down by the organ which is authorized to create the appropriate enterprises." But who is authorized to create them? In the same article: "The creation of enterprises is carried out in the manner established by the USSR Council of Ministers." It would seem that this is infinitely clear: it is even moreso at higher levels.

We are also aware of how this flaw is being employed in the Law Governing Higher Organs. For example, let us take the Gratsiya Sewing Enterprise, which is highly profitable and which is very popular among the consumers. It was deprived of its independence and merged with the Elegant Association. And now the Elegant itself, without seeking out the opinion of the collective, is merging with the Siluet Association in the interest of correcting the economic status of the latter. Thus a pool of small taxis at Ivanovo is deprived of independence as a result of having merged, in the absence of any economic need, with a motor bus pool for the purpose of putting an excessively independent young director in his place. Thus the minister of the coal industry issued an order calling for the elimination of two production associations in the Kuznets Basin with no democratic discussion of this reorganization having taken place. This powerful instrument—the creation of associations—is thus being employed by the administrative staff for the purpose of retaining the former administrative system.

It is obvious that the law must provide a labor collective with a guarantee not only for selecting its director but also for defining its status as an independent economic unit. In particular, the right to leave an association, as stipulated in the Law Governing Cooperation. Why are state enterprises placed under less advantageous conditions? Is it so that the cooperatives can later be accused of excessively high earnings and of having enticed over to their side the best workers from the state sector? This is also administrative logic.

But there is another logic—the logic of democratization. Coordinating organs are needed. But must they necessarily be higher organs? Indeed they must merely furnish assistance to enterprises in utilizing more efficiently the resources which they earned. Thus why must this "higher" organ establish the norms for withholdings for a joint fund and even solve the problem concerned with the creation of a new enterprise or the reorganization of an old one? Only associations created by the enterprises themselves, for the purpose of carrying out a joint investment policy, can ensure proprietary interest in the expenditure of funds.

At the present time, we already have examples of associations and intermediary enterprises which were created "from below" and which function outside the framework of departmental subordination. These are supply and marketing cooperatives ("Mayak" Cooperative of Mosgorglavsnaab), consultative and incorporated firms (Riga "Inzhener" Cooperative) and commercial banks, created on the basis of shares (consortiums at the Shchapovo Experimental Farm in Podolskiy Rayon in Moscow Oblast) and territorial inter-branch associations (in Tbilisi and other cities in Georgia), which form their income from intermediary operations.

Recently, a new phenomenon has appeared. Enterprises are being merged for the purpose of becoming independent of departmental subordination. In Krinichanskiy

Rayon in Dnepropetrovsk Oblast, the enterprises of an agro-industrial complex created cooperatives in order to become independent of a RAPO [rayon agro-industrial association]. Leningrad enterprises engaged in the production of power engineering equipment formed an inter-departmental association—a concern—which no longer had to rely upon the ministries for support. A recommendation is at hand calling for the creation of a firm that will be independent of the ministries. This is to be done by combining KamAZ with the Yelabuzhskiy plant which is presently under construction. This independent activity is making it possible to answer what is perhaps the chief question with regard to the fate of the radical reform: can enterprises operate properly in the absence of higher organs?

It is our opinion that there is a simple answer for this question: all of the functions of the administrative hierarchy can be fulfilled by the enterprises and organizations created by them and not by the organs standing above them.

New 'Bukharin' Discussion Club Holds Conference on Cooperatives

*18200052 Moscow IZVESTIYA in Russian 27 Oct 88
p 3*

[Article by I. Korolkov (Naberezhnyye Chelny): "A Samovar, 'EKO' and a Thousand Questions"]

[Text] The N.I. Bukharin Political Club operates at Naberezhnyye Chelny.

Socio-political clubs. Even today, when, it would seem, we should have already become accustomed to diversity of opinions, to the strict posing of painful questions, and to a nontraditional search for answers to them, the political clubs at times still have to tread carefully. Stereotypes of thought are about.

The political clubs have become singular generators of ideas. Here problems of history, philosophy, law and economics are discussed. The basic task of the political clubs is education and indoctrination in an active civic policy. They unite pupils, students, blue-collar workers and the intelligentsia.

He who hears about political clubs for the first time asks himself questions: how do they spring up? Why? What are they for? Letters with such questions come to the editorial staff. In order to answer them, we tell about one such political club—the N.I. Bukharin Club from Naberezhnyye Chelny. It was established at the start of 1983. Some lads came to the conclusion back in 1982 that it was necessary to understand what is happening in the country. At that time Naberezhnyye Chelny had become the focal point of many problems. The new city embodied a policy that had been implemented in the country for many years: industry in first place, man in second. Catastrophically, there were not enough housing, kindergartens and hospitals. And, what is more, the motor

vehicles on the production of which so much money and nerves had been expended still had not reached world class. Ever more frequently people asked each other the question: what is happening? Back then there was no such frightening word in our lexicon as stagnation. And even the PTU [vocational and technical school] graduates who had been shuffled around the departments for months, guessed that something strange is going on here with the economy. But indignation went no further than the smoking room. It was considered that it was not the business of the passengers to decide how and where the ship sails. Valeriy Pisigin, duty metalworker of a TETs, was convinced of the reverse.

It is easy to say, although people most often do not think about it: if some kind of thought comes to your mind, then probably it will come to someone else's also. Pisigin found like-minded persons in the Komsomol committees of KamAZ [Kama Motor-Vehicle Plant] plants and the gorkom.

Thus was the club born. Valeriy became its political organizer.

The youths gathered together once a week in the evening. They started a samovar and spoke about painful topics. In time talk about urgent matters supplanted the tea drinking. Each issue of the journal EKO [Economics and Organization of Industrial Production] was discussed heatedly. It gave food for new thought and forced a study of political economy.

The longer it lasted, the bigger it became. An understanding was reached that the sources of many present-day troubles that society had survived lay in the 1920's. The club's members decided to look into the complicated era, which had been concealed from modern people by time and the taboo on books of that time. They obtained the stenographic reports of the 14th and 15th Congresses of the VKP(b) [All-Union Communist Party (Bolsheviks)]. After they had been studied carefully, it became clear that history was far from being as simple as the textbooks had presented it. Bukharin appeared before them completely clearly. They saw that the Stalinist interpretation of socialism was not at all the only one. Bukharin desperately upheld the Leninist line of unifying the city and the village, and economic but not administrative-command methods for constructing the new society.

But where do you read his works? The special repositories were still closed. Valeriy Pisigin, Aleksey Kalachev and Igor Tukayev, on going to the Correspondence Division of Kazan University's Historical Department, stayed in the library poring over files of old newspaper and copied Bukharin's articles by hand. The club's members studied the history of the party, not in a short course but from original sources. They tackled the works of Marx, Engels, Lenin and Plekhanov.

Until last year the club did not know that the widow of Bukharin—Anna Mikhaylovna, was still living. Valeriy Pisigin went to her place. Anna Mikhaylovna opened up to the lads still another fount—her library.

The club strived to get as many more people as possible to think about the profound processes of the development of our society, tracing its history all over again, beginning with the October. He is doing educational work, recalling Marx's warning: ignorance is a demonic force that can still cause many tragedies.

Today's club is not only a place for augmenting knowledge. It is also a school where sophistication of discussion and respect for the unfamiliar opinion, even if it does not coincide with the majority's opinion, are developed. Here one learns to set forth thoughts concisely, simply and clearly, and to assert one's views with dignity.

The Bukharin Club in Naberezhnyye Chelny indisputably is a phenomenon in society's political life. It is the same phenomenon as the dozens of other political clubs that have risen up around the country. But still, each one has its own characteristics. It started as a club for Komsomol activists. We had become accustomed recently (and such an opinion did not take shape in a vacuum) to the fact that dissenting within the framework of the Komsomol organization was impossible. But here Komsomol workers are discussing vital topics, and so openly that others, who had been accustomed to think "within a limited range," threateningly exclaim: "Who authorized this?!" Speaking in the modern tongue, the informal has appeared among the formal. Five years ago this occurred in the lowest element of the staff. Today these lads occupy meaningful posts in the Komsomol. Farid Basharov, chairman of the club, is the first secretary of the Komsomol's gorkom. Ramil Salikhov is the first secretary of the Avtozavodskiy raykom of the Komsomol. Dima Shirkov and Sasha Chertkov are workers of this same raykom, and Ildus Nasirov is the secretary of the KamAZ Komsomol committee. I would like to emphasize that the club gets every support from the Komsomol's obkom.

Other lads, disillusioned in the youth's union and having practically broken off relations with it, have come to Komsomol work, thanks to the club. Pisigin explained how this happened:

"The Komsomol will be what we make it. Why give it up to the careerists and bureaucrats? One must fight for the Komsomol. And we are doing this. Youths need genuine leaders. Our club will help them to become leaders. It arms them primarily with political knowledge that not every VUZ even can offer yet. And knowledge imparts boldness."

The Bukharinites, just like all other political clubs and associations, did not escape the traditional reproaches in everyday conversations. They were repeatedly called upon to engage in real matters. Real matters, in the notion of other supervisors, were the excavation of a foundation pit or

the mixing of concrete. It was the view of others that if it is something that one cannot literally touch, then it is not a real matter. Formerly, many considered that organizing Saturday free work was the highest manifestation of civic consciousness. But they are trying (or can they no longer?) not to think about the fact that the Saturday free workers undertook only to patch up production holes or about exploitation of youthful enthusiasm.

In his time, Lenin came to the conclusion that individual problems cannot be solved without solving overall problems. And the overall problems are solved by the political path. And while in five years thousands of people who understood both this Leninist thought and the Leninist plan for cooperation that Bukharin selflessly defended passed through the Bukharin Club, it can be asserted that the political club was engaged in the most genuine matter of all. It succeeded in doing what the Komsomol political study network could not do.

An interregional conference on cooperators convened recently at Naberezhnyye Chelny. They came from 29 cities of Siberia, the Urals, the Volga lands, Central Asia and Belorussia, representing more than 4,000 cooperatives. They solved their problems. They jointly invited Valeriy Pisigin to make a report about the possibilities of the cooperative movement. And after he had spoken they came to the conclusion that the Union needs them. In order to become representatives of those most civilized cooperators that Lenin spoke about. They cannot for the time being call themselves civilized. There is not enough economic, political and legal knowledge. They need to be united in order to get to the heart of the phenomenon which they themselves represent. And still more, in order truly to conduct business, and in order to protect their interests, and that means also the interests of the state, from strong and, at times, the impenetrable bureaucratic class. They came to the unplanned decision: to elect the political organizer of the Bukharin Club president of the interregional cooperative federation that had been born.

Neither Valeriy Pisigin nor the cooperators themselves know yet what will come of this. Valeriy right now is wracking his brains over how to attract economists and legal experts to the work and over selection of the political, economic and juridical literature that treats questions of cooperation.

The club has come up to the new level of work so unexpectedly, but essentially naturally. Theory comes in contact with practice. The more so that at the Avtozavodskiy raykom of the Komsomol, the lads founded a cooperative.

The Komsomol Central Committee recently conducted in Moscow a meeting of the country's political clubs. They discussed problems of perestroyka and the Komsomol's role in it. The meeting pointed out that the Komsomol faces difficulties without political clubs. They are not only a new and active form of political training but with their help the civic formation of youth will occur.

INVESTMENT, PRICES, BUDGET, FINANCE

More Investment Advocated to Solve Capacity Use, Growth Problems

18200072 Novosibirsk *EKONOMIKA I
ORGANIZATSIYA PROMYSHLENNOGO
PROIZVODSTVA (EKO)* in Russian No 9, Sep 88
(signed to press 10 Aug 88) pp 3-22

[Article by K.K. Valtukh and B.L. Lavrovskiy, doctors of economic sciences, Institute of Economics and Organization of Industrial Production, Siberian Department of the USSR Academy of Sciences, under the "Problems of the 12th Five-Year Plan" rubric: "1987: Some Results and Conclusions"]

[Text]

THE DYNAMICS OF PRODUCTION IN 1987: A CHANCE OCCURRENCE OR CONFORMITY TO PRINCIPLE?

The USSR Goskomstat [State Committee for Statistics] report that was published in the press clearly attests to the sharp decline in economic growth indicators in 1987 compared with 1986: national income increased by 1.4 percent (3.4 percent in 1986) and gross industrial output increased by 3.8 percent (by 4.9 percent in 1986). The effect of the price factor, which has overstated the combined indicators of economic development since the mid-1960's, is continuing. But even if this is not taken into account, these indicators are among the lowest in all the postwar years, including the past 10 years.

The decline was particularly sharp in sectors of the investment complex—production machine building and capital construction, that is, in the sectors whose development determines the long-term trends of the economy as a whole. The output of many types of machinery and equipment for the national economy has been cut back completely: generators for turbines, large electrical machinery, alternating-current electric motors, forging and pressing machinery, robots, oil drilling equipment, chemical equipment, and so forth. The plan for commissioning capacities for the range of products listed in the state plan has been drastically underfulfilled (by 29 percent).

The first characteristic of the country's economic development which follows from these facts is that a certain amount of improvement which was achieved in the trends in 1986 was not steady improvement. It would be especially incorrect to depict the unfavorable phenomena of 1987 as simply the results of some kind of short-term or incidental circumstances, such as explaining them by the short-term shock effect of the widespread introduction of state acceptance. The USSR Goskomstat's reference to the decline in vodka sales is completely unsatisfactory. It also points to the decrease in receipts from foreign trade. But the prices at which the

USSR sold oil for convertible currency in 1987 were higher than in 1986. And the reference to nonfulfillment of targets to economize physical inputs and the lag in the growth of agricultural production does not explain anything at all: these are not causes, but simply items in the overall decline in growth rates, which need to be explained themselves. This is not the first time that the instability of improvements has been demonstrated in recent years: for example, the accelerated growth in 1983 was followed by 2 years of decline in the rates, in 1984 and 1985. The industrial production indicators by months for each year (out of the past 5 years) attest to the same thing: as a rule, the growth is unstable within a year.

Certain conditions were more favorable for development of the economy in 1987 than in a number of preceding years. In particular, a substantial increase in agricultural output in 1986 (by 5.3 percent) established a raw material base for improvement of the food and light industry in 1987.

It is impossible to comprehend the country's economic situation over 1 or 2 years without taking the preceding long-term processes into account. In fact, all the basic characteristics of the economic situation in any given year are determined by the past history of the society as a whole and the economy in particular over a period of no less than 15 years. Current economic measures and circumstances are only superimposed on long-term processes without changing their basic characteristics. Basic economic measures such as deep-seated changes in the economic mechanism and structural and investment policy, for example, may change the long-term trends, but a period of time far in excess of 1 or 2 years is necessary for them to be effective. This is especially true for the current Soviet economy.

THE CURRENT STAGE IN THE USSR'S ECONOMIC DEVELOPMENT

An opportunity exists to prevent the return and continuation of the unfavorable trends which developed in the 1970's and early 1980's. There are necessary prerequisites of a scientific and technical nature for this: the new technological solutions worked out over the past decades for practically all sectors of the economy. The social prerequisites will be established if the decisions already adopted on the overall democratization of public life and a radical economic reform in all its component parts, that is, with respect to both decentralized and centralized economic solutions, are realized in full. The production potential available when its development is managed efficiently provides the opportunity to prevent a substantial recession in production and to make a gradual transition to accelerated growth.

In developing our economy, two stages are inevitable on the path toward achieving a fundamental improvement in efficiency. **The first stage** is in steadily overcoming the unfavorable trends which have been expressed in the

long run by coming closer to a so-called "zero growth" situation. The second stage is in practically developing a technological system on a national economic scale which forms the basis for an economic system of higher organization and efficiency. Full implementation of the tasks in the second stage, as formulated by the 27th CPSU Congress, will go beyond the year 2000. The prerequisites for the transition to the second stage should be established in the first stage.

At the present time, we can say only that the economy is beginning to enter the first stage of forthcoming development. The unfavorable trends which developed in past years, in the final analysis, were a result of the effect of factors of a long-term nature which were an obstacle to technical progress. The effect of these factors is far from being removed when the current production reserves are mobilized. It is inevitable that the unfavorable trends of the past will affect the processes of our economic development over an extended period of time by preventing us from achieving rates of growth and structural and qualitative improvements that are sufficiently high.

The production system that took shape by the beginning of the 12th Five-Year Plan has become outdated (although it unquestionably has some elements of an advanced technological system in the future). We mean:

- the obsolescence of the technological principles on which the production of most output is based;
- the obsolescence of the equipment which utilizes these technological principles;
- social obsolescence: substantial lack of conformity between the production system and the nonproductive demands of the public which have taken shape; widespread violation of normal working conditions and sharply intensified ecological problems; and establishment of the necessary conditions for molding a socialist attitude toward labor (including conscientious labor discipline), overcoming private-ownership tendencies, and developing the creative nature of work and public control over production has not been completed; and
- the existence of deep-seated disproportions which prevent full utilization of the available technological system even within the limits of its potential effectiveness and which interfere with the system's reorganization.

The production capabilities of the present technological system are close to being exhausted, that is, they do not contain strategic reserves for production growth. This is the result of the processes which took place in our economy over a number of five-year plans.

We cannot provide all the data in one article to prove that these characteristics of the present production system are correct. But the reader can find materials in the

press, including official statements, which provide a rather complete picture. Of the recent documents, we draw your attention in particular to the report by Comrade N. I. Ryzhkov "On the tasks of party and economic organs to accelerate the development of the processing sectors of the country's agroindustrial complex" (PRAVDA, 19 October 1987); the CPSU Central Committee and USSR Council of Ministers decree "On the fundamental restructuring of environmental protection in the country" (published in PRAVDA 17 April 1988); in connection with examination of the results of the investigation into the causes of the accident at the Chernobyl AES, the Politburo of the CPSU Central Committee stressed that "the development of nuclear energy in our country should be based on a technical foundation of new quality" (See PRAVDA, 16 January 1988); a program to build and renovate roads in the Nonchernozem Zone of the RSFSR has been approved (See PRAVDA, 20 February 1988); the necessity of reinforcing the material and technical base of construction has been pointed out (See the CPSU Central Committee decree "On providing capital construction with physical resources in the 1987-1988 period" (PRAVDA, 30 March 1988); the decision to draft a state plan for renovation of the railroads in the 1991-2000 period (regarding the condition of the sector, see the article by Yu. Fedorov and N. Fufryanskiy in IZVESTIYA, 4 April 1988); on acceleration of the electronics industry's development (See "In the Politburo of the CPSU Central Committee," PRAVDA, 30 April 1988), and so forth. All these documents contain indications that are quite specific concerning the need for fundamental technological reconstruction to resolve the most important social and economic problems.

EKO published statements by A. I. Buzhinskiy and S. A. Kheynman (No 10, 1983) and O. G. Oganov (No 2, 1987) on the possibility of strong production growth without bringing it up to date technologically. Our attention is drawn to the fact that these considerations were published right before the economic development indicators began deteriorating after some improvement (1983 and 1986). But the better years give us objectively low indicators as well. The viewpoint of our critics is an expression of the insufficiently extensive searches for something a little easier than NTP [scientific and technical progress] as the basis for resolving long-term social problems. The fact is that delaying technological reconstruction of the economy cannot bring anything except aggravation of these problems.

Let us apply the theses formulated above more specifically to industry.

THE DEVELOPMENT OF PRODUCTION CAPACITIES

For a long period of time, up to the Ninth Five-Year Plan inclusively, the growth of industrial production, with respect to a significant majority of its forms, exceeded the corresponding production capacities that were put

into operation (in the context of five-year plans). This meant that the use of capacities created earlier formed the basis of production growth, and putting them into operation established the potential not only for production's current development, but its subsequent development as well. At the same time, the rate at which new capacities were being introduced gradually declined. The Eighth Five-Year Plan was the last one with a significant increase in capacities commissioned. On the whole, the capacities commissioned in the Ninth Five-Year Plan were not much more than those commissioned in the Eighth Five-Year Plan. There was an absolute decrease in new capacities in the 10th Five-Year Plan, compared with the Ninth Five-Year Plan, involving no less than two-thirds of the most important types of capacities. In sum, this meant an absolute decrease of roughly 5 to 8 percent in the capacities commissioned over the five-year plan. In the 11th Five-Year Plan, the commissioning of capacities decreased by an average of no less than 8 to 10 percent compared with the 10th Five-Year Plan.

For example, the capacities of power plants put into operation after construction, expansion and renovation produced 58.1 million kilowatts in the Ninth Five-Year Plan, 54.0 million kilowatts in the Tenth Five-Year Plan, and 51.2 million kilowatts in the 11th Five-Year Plan. The capacities for steel production totaled 10.9, 14.3 and 7.0 million tons, respectively, and the capacities for finished rolled ferrous metals added up to 12.2, 7.4 and 7.4 million tons, respectively. One of the most important reasons was the decline in the growth rates, and in a number of cases, the absolute volumes of production of specialized equipment as well. The decline in the growth rates for the production of specific types of equipment was even more pronounced in physical terms.

Together with the consistent decline, on a comparative and absolute scale, in the new capacities commissioned (and in connection with these circumstances to a certain extent), there was a decrease in the volumes of funds being liquidated, very small in comparison with the developed capitalist countries. The retirement of industrial production fixed capital that had become obsolete declined in industry as a whole from 11 percent in 1971-1975 to 8 percent in 1976-1980 and 1981-1985. At the same time, just 2.5 percent of the active assets (machines and equipment) were retired in 1985 and 2.8 percent in 1986, for example.

An unfavorable long-term trend is rooted in these processes as well: the increases in industrial output (especially high-quality output) declined, since the production potential created previously was more and more fully utilized but it was expanded on a scale that was smaller and smaller. At the same time, the decline in the commissioning of new capacities was compensated for a certain time by the delay in retiring the obsolete capacities that had been established previously. However, with such an extension in the period of service, the potential created previously not only does not provide a basis for increasing output, it actually turns out to be incapable of

maintaining the previous volume and quality of output: a hidden retirement of the technological system takes place. Then the increase in output is regulated by the commissioning of new capacities, and for rather lengthy periods of time it turns out to be lower than the capacities commissioned, inasmuch as an increasing proportion of the new capacities are used to offset the open and hidden retirement of the previous production potential. In the 1976-1985 period, the increase in the majority of the most important types of output was lower than the new capacities commissioned at the same time.

THE TECHNICAL CONDITION OF THE PRODUCTION MACHINERY

The shortcomings that had accumulated for years in implementing the investment policy led by the late 1970's to a change in the quality of the available production machinery. The obsolescence and wear of this machinery and the decline in its dependability of operation do not provide an opportunity in principle to obtain output from it on a scale which is close enough to the indicators of the capacities. More and more, the latter take on the nature of nominal indicators.

The depreciation of production fixed capital in industry as a whole in past years has increased by roughly one percentage point every year, reaching a critically high level over the past three five-year plans. This applies primarily to the capital in complexes producing investment resources and structural materials—the foundation of the economy. Extensive depreciation is also characteristic for the production fixed capital in active use. A substantial part of the stock of equipment has been reamortized.

The increase in the depreciation of capital is related to a significant extent to the protracted service life, the fact that the actual service life is longer than the standard one, and the obsolescence of the entire production apparatus and the part in active use. Over the past three five-year plans the average age of equipment increased by nearly a year and a half, the proportion of equipment 11 to 20 years old that is in use increased by 4.6 percentage points, and the proportion of equipment over 20 years old increased by 3.5 percentage points. The age pattern became worse for the advanced types of equipment in use as well.

There is greater disparity between the centrally proclaimed policy of retiring equipment and the actual situation with respect to the equipment written off. While the average service life for retired equipment has declined systematically in accordance with the norms, the actual service life has increased. We may also mention the intensification of disorganized processes here as an assumption.

Prolonging the service life of equipment beyond the norm and beyond any rational measure leads to a hidden retirement of capacities. In this case, the retirement

takes place implicitly, but not in the form of a write-off. It is physically incapable of maintaining the technical specifications which have been certified for the equipment because of aging, and there are a larger number of "weak spots" in production and increased likelihood of breakdowns, accidents, and unplanned downtimes as well.

The worsening age pattern of equipment leads to a spontaneous process of withdrawing capacities which is not centrally controlled. The equipment in use is increasingly predisposed to physical withdrawal at the same time. This is shown in the increasing proportion of equipment beyond the critical age—the average age of equipment retired because it is dilapidated and worn out. This proportion is approaching one-third for the equipment in use as a whole.

In the present production machinery, the proportion of its components that were commissioned relatively recently is declining rapidly. Let us provide a further illustration of this thesis with an example of data on production capacities. Let us examine the capacities accumulated as of 1 January 1985. Roughly 13 percent is the proportion that was put into operation over the preceding 5 years; 33 percent were commissioned over the preceding 10 years, and 53 percent over the preceding 15 years. And if we look separately at what was put into operation through new construction over the preceding 15 years, it made up 34 percent of all capacities at the beginning of 1985.¹

Taking details of the calculations made into account, the following conclusion is justified: roughly half of the production machinery on which industry is based was put into operation 15 years ago or longer. Meanwhile, the picture was substantially different by the early 1980's: roughly half of the production machinery had been functioning for more than the 10 preceding years, but significantly less than half (roughly one-third, according to an estimate) had been in operation for more than 15 years. The marked aging of the production machinery took place precisely in the 11th Five-Year Plan.

So the basic proportion of the present machinery was commissioned 15 years ago or longer. Projects had been planned and built for many years before this. And there are no grounds for assuming that the projects were at the level of the best world models in all cases. As a result, the available machinery stopped meeting current requirements first of all with respect to the resource capacity of production, secondly, with respect to the quality of the output manufactured, and thirdly, with respect to flexibility and capability in quickly and smoothly restructuring itself to turn out new products.

Accordingly, roughly half of the current production machinery is made up of technologies which met the level of our economic development more than 15 years ago.

In the situation that has been created, the old machinery must be systematically and quickly replaced and new machinery based on modern technologies needs to be established. The purpose of commissioning capacities on a wide scale is not the expansion and completion of the dilapidated structure of production machinery, but its qualitative restructuring.

WHAT ARE THE RESERVES OF THE PRESENT MACHINERY?

The average coefficient for the use of capacities in industry as a whole is reflected in the following data (about 130 of the most important types of industrial output, in percent):

1970	1975	1978	1980	1982	1985	1986
90.0	91.5	90.3	87.7	85.3	85.9	87.3

By the end of the Ninth Five-Year Plan, the highest average level of capacity use was reached. In the following 3 years, movement shifted to the opposite direction, and by 1978 the indicator for capacity use had declined to the level which took shape in the early 1970's. From 1979 to 1982, this indicator became substantially worse. The average use of capacity declined by approximately one percentage point each year. The situation stabilized in the 1983-1985 period, but in 1986 there was some increase in this indicator. Industry came closer to the 1980 indicators for use of the available production machinery after overcoming the unfavorable trends of the 11th Five-Year Plan to a certain extent. However, nothing more substantial took place. The indicator in question did not rise to the 1975 level, or even to the 1970 level.

We must not consider this fact as incidental or think that the difference between indicators for capacity use in 1986 and 1975 may be taken as an assessment of the resources of the available production machinery in industry. The fact is that most of this difference, from all indications, is nothing but an expression of the implicit, hidden withdrawal of capacities: in the fraction which expresses the extent of capacity use, it is not so much that the numerator (output) has been set too low as it is that the denominator has been set too high.

The hidden withdrawal of the existing production machinery has been argued in detail.² The processes of industry's development in the 1983-1986 period are additional confirmation of this conclusion. There is no doubt that considerable efforts were made during these 4 years to organize labor and technological discipline and to utilize the available production machinery more fully, and they had their effect. Nevertheless, the indicators of capacity use in the statistics changed very little: while the average indicator dropped by six percentage points from 1975 to 1982, it rose by two points from 1982 to 1986.

The phenomenon of hidden withdrawal may be given a certain assessment—not a very precise one—by making use of the statistics for the balances of production capacities. The so-called increase in the labor-intensive-ness (actually machine-intensiveness) of production is pointed to as a factor in the decreased capacity. There are grounds to assume that in reporting this way, enterprises are reflecting the fact that the equipment on hand, because of its increasing wear, is turning out to be incapable of producing the result which was technically attainable before. A number of the consequences and factors of hidden withdrawal (increased expenditures for current and capital repair, a decline in product quality, the emergence of more and more new disproportions which interfere with the use of the available production machinery, and so forth), as well as implicit withdrawal are not reflected yet in such an assessment. Nevertheless, the proportion of this phenomenon turns out to be very significant (Table 1).

Table 1: Ratio of the decrease in capacities because of the increased machine-intensiveness of production to the full increase in capacities in 1983-1986 for major sectors of industry (in percent)

Ferrous metallurgy	30
Machine building	45
Coal industry	8
Oil refining	15
Chemical industry	29
Microbiology industry	11
Building materials industry	55
Timber, woodworking and paper and pulp industry	40
Production of cultural and everyday commodities	26

Additional arguments are provided in Table 2. It was constructed in the following way. The reporting indicators for the extent of capacity use in 250 categories form the basis. In 1970 they are grouped in the intervals indicated in the table. The average values for capacity use are cited for each interval. Then for each group formed in this way the average indicator of use is calculated not only in the base year of 1970, but in certain subsequent years up to 1986, inclusively. A similar calculation is made for sectors in the base years of 1976, 1977, 1982 and 1985. The point of the calculation is to trace the evolution of the average burden for the different groups: with a high, medium, and relatively low ratio of use in the base year. The initial (base) years of the groupings are transitional in the trends of capacity use and their hidden retirement.

The numbers in the table have the following meaning. Look at the grouping of capacities in the data for their use in 1976 (the second section in Table 2). The number 78.4, which relates to an interval "lower than 85.1," means: the average degree of capacity use in this interval in 1976 was 78.4 percent. The figure 79.2 in the same line means: the average degree of use of the same types of capacities was 79.2 percent in 1977; and finally, the

number 75.7 means: in 1986 the average degree of use of the same types of capacities was 75.7 percent.

Table 2: Dynamics of the Average Degree of Capacity Use By Intervals, in Percent

Intervals of the Grouping of Capacities by Degree of Use	Average Degree of Use in the Base Year	Average Degree of Use in Following Years		
	1970	1971	1986	
Below 85.1	78.7	81.8	81.9	
85.1 to 92.9	89.9	90.8	86.2	
93.0 to 96.9	94.8	93.7	89.5	
97.0 and higher	99.3	99.3	92.4	
	1976	1977	1986	
Below 85.1	78.4	79.2	75.7	
85.1 to 92.9	89.4	89.8	84.2	
93.0 to 96.9	95.0	93.2	90.8	
97.0 and higher	98.3	96.5	88.9	
	1977	1978	1986	
Below 85.1	77.5	78.2	76.8	
85.1 to 92.9	89.3	88.3	85.4	
93.0 to 96.9	94.8	94.0	90.2	
97.0 and higher	99.2	97.9	89.4	
	1982	1983	1986	
Below 85.1	75.1	76.8	79.5	
85.1 to 92.9	88.7	89.0	88.5	
93.0 to 96.9	94.8	94.2	92.5	
97.0 and higher	98.0	99.0	94.3	
	1985	1986		
Below 85.1	76.3	77.1		
85.1 to 92.9	89.2	90.0		
93.0 to 96.9	94.6	94.9		
97.0 and higher	98.0	96.4		

Table 2 provides grounds for the following conclusions.

First of all, it confirms that there is a threshold, an upper limit for the protracted use of capacities, which is in any case no higher than 92 to 94 percent. If some capacities are used beyond this limit in a certain year, it is highly likely that the degree of their use in the future will decline, usually beginning in the following year. For example, the capacities which were used in 1976 on a level from 93.0 to 96.9 percent (their average degree of use was 95.0) were used less on average in 1977 (at the 93.2 percent level); the same applies with respect to the capacities used at the level of 97.0 percent and higher. It is characteristic that in several years (in 1986) these

types of capacities are being used on a level below 93 percent; going upward beyond the threshold naturally leads to a lowering of this threshold after some time.³

Secondly, Table 2 provides grounds for the conclusion that the upper threshold that was cited for the protracted use of capacities comes down. This is demonstrated by the fact that the degree of use declines not only for those types of capacities which were operating at a level higher than 93 percent in a given year, but for those types that were operating at a level of from 85 to 93 percent as well. The reader will see this in Table 2 by tracing the changes in the degrees of use of this part of the capacities by groupings made on the basis of data for 1970, 1976, 1977 and 1982. It is evident, in fact, that it was not the degree of use that declined, but the magnitude of the capacities themselves. Most likely, the current threshold of steady use amounts to no more than 90 percent (until the capacity magnitudes themselves are brought into conformity with reality).

These considerations provide a basis for assessing the resources for production growth that are available in the present industrial production machinery. If the average degree of use of rated capacities was more than 87 percent in 1986 but the threshold of steady use (taking hidden withdrawal into account) was 90 percent, the reserve amounts to no more than three percentage points; if a threshold with a value of 93 percent remains in force, the reserve is six percentage points. The last magnitude is too high, in any event—a maximum assessment of unutilized resources. The results for 1987 (as with 1984 and 1985) show precisely this: there are no major reserves, and for this reason some improvement in the use of the production machinery is naturally replaced by a decline in growth rates.

In practical planning work, attempts to surpass the appropriate threshold lead to substantial costs. The experience of the 10th and 11th Five-Year Plans attests to this. It was proposed to sharply increase the average level of capacity use by the end of the 1976-1980 period and to bring the burden up to a level higher than 93 percent for 34 types of output in 1980. By the end of the 11th Five-Year Plan, it was planned to raise the ratio of capacity use for more than half of them up to no less than 93 percent. It was planned to achieve a substantial increase in output by increasing the workload in many sectors. In 1984-1985, for example, it was no less than 40 percent in every third one.

As a result of the reduction of capacity use, a significant volume of output was not acquired—compared with the plan; in many cases this was even more than because the commissioning of new capacities was not completed. But the conclusion from this fact is only that the very trend toward increasing the workload, on which the plan was based, was unjustified. It is useful for everyone who expects to resolve the strategic problems of our economy without fundamental renovation of the machinery that has taken shape to bear this in mind.

THE PHENOMENON OF ECONOMIC DEVELOPMENT IN 1983 AND 1986

The highest rates of economic development in the past 9 years were recorded in 1983 and 1986. While the average annual growth rate of industrial production was 3.1 percent in 1981-1982, it was 4.2 percent in 1983. The fact that the absolute increases in production of the most important types of industrial output in physical terms were substantial is especially important.

The severity of the effect of the unfavorable trends, which were particularly apparent in the 1979-1982 period, was alleviated. Compared with 1978, production volume in 1982 proved to be absolutely lower for roughly 40 percent of all types of output (according to data on production output in physical terms). Compared with 1982, production was increased in 1983 for 140 types of output (72 percent of all types in physical terms represented in the reference "The National Economy of the USSR in 1983"), production of 50 types (26 percent) declined, and four types (2 percent) remained unchanged; altogether the statistics contain indicators for 194 types.

What are the factors which led to appreciable production expansion in 1983 compared with the beginning of the five-year plan?

The well-known measures by the CPSU and the Soviet Government to improve order and discipline put the reserves for growth into effect. Certain unused capacities that took shape in 1983 in many sectors owing to the weakened labor and technological discipline formed the basis for rapid and distinct achievements in production. However, while phenomena related to appreciable production expansion through increased capacity use were viewed more as episodes in the past, and especially in the 10th Five-Year Plan, in 1983 they became rather widespread in nature and appeared as a general industrial phenomenon. At the same time, to the extent that these specific sources are exhausted, a subsequent increase in production inevitably becomes dependent on expansion of the capacities themselves.

Let us cite several specific examples to illustrate these theses. Perhaps the development of ferrous metallurgy production in 1983 is the most typical in the meaning under consideration. Out of the 12 most important positions, there was an absolute reduction of capacities in five cases in this year. In another five cases growth did not exceed 1.5 percent. At the same time, an increase in the degree of capacity use was observed for all types of products this year. The last circumstance also served as the most important factor in increasing production.

Our attention is also drawn to the high level of the burden in the sector in 1983, which exceeds the critical mark in most cases. Maintaining or especially further increasing capacity use was a very difficult task. It is no accident that for six of the nine types of products where

the ratio of capacity use was more than 93 percent in 1983, the burden was reduced in the following year. It is no surprise that the increase in steel and rolled metal output was significantly reduced in 1984. In 1985, the increase in gross output of steel was reduced, the increase in rolled metal was stabilized, and there was an absolute decrease in production in the first half of 1985.

A similar situation took shape in cement production. The expansion of production in 1983 as a whole followed an increase in the workload. There was a decline in growth in 1984 and 1985, and there was an absolute reduction of gross output over 6 months in 1985.

An explanation of the trends observed involves more than the provision of additional capacities for production. There is a certain discrepancy in the dynamics of the load as well.

The average assessment of capacity use in 1983 has increased somewhat. The substantial reduction of the number of types of capacities with a low workload to 75 percent may be pointed to as an unquestioned achievement. But at the same time, the number of sectors with a ratio above 97 percent has risen. In many cases the level of use is reduced in sectors where it is sufficiently low (this involves a number of chemical and petrochemical industry sectors and machine building, in particular) and it is increased where it is high. All this attests to the fact that the increase in the average workload has rested on an unstable foundation, it has resulted from extraordinary measures in a number of cases, and it has been provided for through resource redistribution.

The lack of additional capacities results in a trend toward stabilization or reduction of production. The increased load of capacities above the critical level in 1983 makes the level of use that was reached here unstable in a number of cases and increases the probability of disruptions throughout the entire chain of associated production facilities.

In 1986, as in 1983, the mobilization of unused capacities became an important source of growth. The use of capacity coefficient increased substantially over 1985 for many of the most important types of products. For example (in percentage points):

Steel	2
Steam boilers	10
Mainline electric locomotives	5
Paper-making equipment	5
Polyvinyl chloride resin	9
Polyethylene	6
Polypropylenes	7
Lumber	9
Wood-fiber board	6
Cement	2

At the same time, there was no relaxation of the process of absolute reduction with respect to the commissioning of capacities in 1986, as in the 11th Five-Year Plan. In particular, this concerns the production of steel, coke, hot-rolled pipe, machine tools, forging and pressing machinery, grain harvesting combines, mineral fertilizers, polystyrene, lumber, and cellulose. The increase was extremely insignificant in many cases. A substantial proportion of the new capacities (two-thirds or more) actually were used to replace those being retired. At the same time, while wear and write-offs are the form of reducing capacities in ferrous metallurgy and a number of sectors in the chemical, building materials, and paper and pulp industries, as a rule, the situation is different in machine building. Obvious write-offs are nonexistent here in many cases. And capacities are retired implicitly, by increasing the machine-intensiveness of the products turned out. And in many cases this retirement is comparable with the average annual indicators of the 11th Five-Year Plan or even increases significantly. In particular, this applies to the production of diesel engines, backhoes, forging and pressing machinery, and agricultural machinery.

It can be shown that the relationship between the commissioning and retirement of capacities in 1986 attests to the intensive renovation of the available production machinery. In reality, it is necessary to compare the amount of capacities commissioned with their availability at the end of 1986 in order to assess the nature and speed of the renovation. The corresponding proportion for many of the most important types of output does not exceed 4 or 5 percent. Renovation of capacities at such a pace can be dragged out for many years.

What has been said does not mean that there is practically no movement whatever in organizing the production machinery. The renovation of equipment, primarily machine tools, is rather substantial in industry.

More than half of the equipment in use on 31 December 1985, in physical terms, consisted of the new equipment installed in industry as a whole during the 1977-1985 period. At the same time, the average annual rate of increase in the new equipment's technical productivity, compared with the retired equipment (on average in relation to industrial equipment) has a stable tendency to increase: 1964-1977, 1.8 percent; 1967-1978, 2.4 percent; 1968-1979, 3.3 percent; 1970-1980, 3.9 percent; 1973-1985, 4.0 percent; and 1974-1986, 5.2 percent.

Let us say that on average, each unit of new equipment appearing in 1977 for the purpose of renewal (not expansion) replaces 1.261 units of the old equipment which has served 13 years (since 1964); that is, it is, in a sense, 26.1 percent more productive than the latter. Which adds up to 1.8 percent in average annual terms.

WHAT IS NEXT?

It is impossible to bring about steady acceleration of economic development on the basis of the technological system in effect. If strict theoretical evidence of the

necessity for its fundamental reform is insufficient, if it is necessary to verify it in experience, and if an easier way to resolve social problems cannot be found, the history of the past two decades will provide this bitter experience in abundance. Based on the production system that has taken shape, we have not managed (and we cannot manage) to resolve the food problem, the housing problem, the problem of health and active longevity, or the problem of a full-fledged education and all-round personal development in a socialist manner. On the contrary, we have seen an expansion of such negative phenomena as drunkenness, corruption of discipline, and social parasitism by millions of able-bodied persons engaged in using inefficient technologies; unearned incomes and private-ownership tendencies; and the alienation of broad sections of the population from public problems.

On a more general plane let us note that the more efficiently the available production machinery is used and the more rapidly its potential useful effect is realized, the sooner it must be replaced. For this reason, we should not contrast measures for efficient use of the available production machinery with measures for its reform, but we should see that they form a process of technical progress only in unity.

The 27th CPSU Congress pointed out: "It was impossible to bring about fundamental reforms on the previous material and technical basis. We see the solution in comprehensive reconstruction of the national economy based on the latest achievements of science and technology, breakthroughs in the leading directions of scientific and technical progress, and restructuring of the economic mechanism and the management system.

"Our work in the past does not compare in scope and complexity with what needs to be done in the forthcoming period for reconstruction of the national economy." The congress and subsequent plenums of the CPSU Central Committee defined the strategic conception to resolve these problems: a change in structural and investment policy and restoration and further development of democratic centralism in the system of economic solutions.

The country's national income should be nearly doubled by the year 2000 compared with the 1985 level, and labor productivity in physical production should be increased by 2.3 to 2.5 times as much. This does not refer to an increase in the national income by a hidden increase in prices, of course; this essentially determined the combined indicators of our economy's development over several of the previous decades. (It is worth noting that steps were taken to suppress this trend at the end of the 11th and beginning of the 12th Five-Year Plans, and they produced a certain gain, although the phenomenon of hidden price increases is still far from being removed from economic life.) We do not mean simply doubling the output of all products now being turned out, of course; on the contrary, accelerated growth will require

major structural shifts, the rapid withdrawal of certain types of output from production and substantial reduction in the production of others, and expanding the production of advanced output by much more than twice as much, and in many cases by dozens, hundreds, and even thousands of times as much.

The conception of economic growth which is sometimes expressed by the formula: either quantity or quality (with a reference to science, moreover) is absolutely incorrect. The fact is that high rates of growth in high-quality output and reduction of obsolete, low-quality production are necessary. If the amount of high-quality output increases expansion in the scale of investment activity will be required, and it will have to be shifted to a new technical level. Just the establishment of additional production potential for 15 years in itself, which is equivalent to what was accumulated by the beginning of the 12th Five-Year Plan (but in a technically new form, which really means a sharp increase in the capital-labor ratio of a work position) requires capital investments (in prices at the current level) of no less than 1.7 trillion expansion in the scale of investment activity will be required, and it will have to be shifted to a new technical level. Just the establishment of additional production potential for 15 years in itself, which is equivalent to what was accumulated by the beginning of the 12th Five-Year Plan (but in a technically new form, which really means a sharp increase in the capital-labor ratio of a work position) requires capital investments (in prices at the current level) of no less than 1.7 trillion rubles. The strategy formulated by the congress of replacing the present production machinery (no less than 70 percent is required to be taken out over 15 years) and the necessity of maintaining the technologies available in efficient condition while they are being utilized will require a minimum of roughly the same amount of capital investment. The current investment resources are completely inadequate for this. Doubling production over 15 years will require no less than double the actual production capital investments in the 14th Five-Year Plan, compared with the 12th Five-Year Plan, that is, over 10 years. There is simply no other way. Again and again: without such efforts that are extremely impressive in scale, the society will not surmount the difficulties which it continues to encounter.

The resources for putting technical progress in action are created by technical progress itself. Part of this gain (the increase in net production) should be to resolve social problems directly. Another rather substantial part (up to one-third of the entire additional gain under current conditions, it appears) should go toward a further increase in the sources of technical progress. Economizing in the latter means undermining the growth of resources as a whole.

During the period of stagnation, the country lost 20 years by putting off the fundamental technological reform of the economy more and more. Delaying now unquestionably means dooming ourselves to an increase in difficulties in the future in resolving major social problems and

to having the country turned into a third-rate power. This is the way it stands: either lagging behind more and more or accelerating movement ahead on the basis of a fundamental reform of productive forces.

We cannot delay reconstruction of the national economy any longer.

Footnotes

1. Calculation by N. N. Kuznetsova.

2. In particular, see "Puti povysheniya effektivnosti narodnogo khozyaystva" [Ways of Increasing the Efficiency of the National Economy], Moscow, "Ekonomika," 1987, pp 62-70.

3. The reader may be assured that these characteristics also apply in accordance with data for the groupings in 1970, 1977 and 1982 cited in Table 2. We have omitted data on the groupings for the intervening years (to economize space), but these groupings were made and they reveal the same characteristics.

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State Plan's New Fixed Capital Balance Section Discussed

18200005a Moscow *PLANOVOYE KHOZYAYSTVO in Russian No 8, Aug 88 (signed to press 25 Jul 88) pp 32-37*

[Article by I. Bobkov, deputy subdivision chief of the USSR Gosplan: "The Development of the Balance Method of Planning Reproduction of Fixed Capital"]

[Text] Intensification of the utilization of the production apparatus is achieved as a result of increasing the shift work of equipment and the loading of capacities and reducing the investment cycle. All of the conditions being equal, these factors provide for an additional volume of product output without capital investments, growth of the output-capital ratio, and improvement of other indicators of the effectiveness of the business.

The dynamic structural transformations of the reproduction of fixed capital is a result of the dynamic structural transformations of the reproduction of fixed capital as a result of accelerating their updating and removing outdated means of labor, expanding the scope of technical retooling and reconstruction of enterprises exert a varied influence on the effectiveness of production. On the one hand, extensive application of new technical equipment and technology actually increase the effectiveness of production and above all labor productivity both in the near future and over the longer range period. On the other hand, mass elimination of outdated fixed capital and the active part of it requires additional expenditures on the creation of conditions for the operation of new generations of technical equipment and technology (as

compared to the current renewal of production on the basis of traditional technical equipment). As a result of the interaction of the tendencies it is possible to have a divergence in the dynamics of the effectiveness of fixed capital and labor productivity.

The peculiarity of the 12th Five-Year Plan consists in the radical restructuring of the proportions of capital investments and the changeover to a new quality of the reproduction of fixed capital. There are higher growth rates of capital expenditures with a dynamic change in their reproduction and branch structures. With an investment in capital investments by a factor of 1.24 expenditures on technical retooling and reconstruction of enterprises increase by a factor of 1.7, so the development of the machine-building complex by a factor of 1.8, and for technical updating of existing machine-building enterprises—by a factor of more than 2.

The removal of outdated fixed capital in order to accelerate the updating and increasing the proportion of machines and equipment that correspond to the world technical level is increasing by a factor of more than 2. The balance coordination of the rates and proportions of the reproduction of fixed capital and capital construction is a new approach. An increase in the volumes of removal of outdated means of labor of up to 240 billion rubles is balanced by allotted capital investments for technical retooling and reconstruction of existing enterprises in an amount of 232 billion rubles. As a result, in the plan the possibilities of extensive development of fixed capital are limited while realizing intensive forms of capital investments.

Consequently, the establishment in the plan of efficient proportions for the reproduction of fixed capital is directed toward stimulating the increased effectiveness of production mainly through the replacement of outdated machines and equipment. For example, in the machine-building complex in order to accelerate the rates of technical reconstruction, the coefficient of intensive updating of fixed capital (the proportion of its removal as compared to the startup of new capital) is to be increased from 16 percent in 1985 to 43 percent in 1990).

It is intended to have a considerably larger proportion of new fixed capital and gradually overcome the tendency to accumulate worn-out capital on the basis of accelerated renewal of the production potential and development of the country's construction complex. During the past three five-year plans in the national economy there has been a stronger tendency toward more deterioration of fixed capital. It has increased from 26 percent in 1970 to 33 percent in 1980 and 37 percent in 1985. In industry this indicator increased from 30 percent in 1975 to 41 percent in 1985 or by 11 points. In 1986-1990 the program for technical reconstruction of the national

economy envisions stabilizing the accumulation of deterioration and then reducing it. By 1990 in machine building it is intended to reduce the deterioration of fixed capital to 33 percent as compared to 40 percent in 1985.

Priority is being given to updating the active part of fixed capital. Under the 12th Five-Year Plan it is intended to update more than one-third of the means of labor. This will make it possible to raise the level of automation of production by a factor of 2, to overcome the tendency toward reduction of the output-capital ratio, and to increase the proportion of machines and equipment with a high technical level and a high level of effectiveness. Under the 12th Five-Year Plan the rates of reduction of output-capital ratio are to decrease by a factor of 2 and in machine-building and light industry it is to increase.

With the development of the plan for the 12th Five-Year Plan we have realized a number of new approaches of the balance method of planning the reproduction of fixed capital and capital investments. There has been a changeover from the development of annual plans for technical retooling and the construction of existing productions for individual branches to a system of five-year plans at the level of enterprises, branches, and the national economy as a whole. On the basis of a unified methodology for planning capital investments and fixed capital, in a five-year plan we have formulated a section titled "Technical Retooling and Reconstruction of Existing Enterprises." It determines the limits on capital investments and construction and installation work and also the indicators of the effectiveness of their utilization—the increase in the production of products, the reduction of manual labor, and the release of employed personnel.

Under the new management conditions the indicators of the five-year plan for technical retooling and reconstruction are calculated and they are not given to the ministries, enterprises and associations as directive assignments. The goal of their development consists in determining (on the basis of the most important national economic balances) efficient proportions for reproduction of fixed capital at existing enterprises in coordination with the necessary resources.

A most important task of national economic planning of the reconstruction of production is the establishment of minimum levels of effectiveness of capital investments as a whole and with a separation of the part that is used for technical renewal. The economic mechanism for the implementation of plans for technical retooling and reconstruction consists in that the planning indicators (resources, effectiveness, structures) through the system of economic normatives and incentives (payments for funds, distribution of profit, formation of economic incentive funds, and so forth) at the level of the enterprise and association are transformed into concrete

assignments for increasing the effectiveness of production—increasing the output-capital ratio, the shift work of equipment, the acceleration of the recoupment of capital investments, and so forth.

Beginning in 1988 the state plans for the economic and social development of the USSR have included the section entitled "Balances of Fixed Capital and Equipment in Value Terms." It organically augments the system of macroeconomic indicators and national economic balances (national income, labor resources, and so forth) that characterize the rates and proportions of the development of the economy, and it is an effective instrument for planning proportional and balanced production of fixed capital.

The balance of fixed capital is developed for the various spheres, most important branches, and complexes of the national economy. It reflects in the planning indicators a new quality of economic growth: the rates of restructuring of the structural-investment policy; the increased effectiveness of the interaction of spheres, branches, and complexes of the national economy; and the results of the strengthening of the social direction of the plans.

The development of the balance of fixed capital makes it possible to combine the two principles of planning: from above through the balance for the various branches and spheres of the economy; from below through the system of balances for national economic complexes and the ministries that are included in them. This makes it possible, on the one hand, to characterize the calculation of the balance of the national economy and, on the other, to increase the role of complexes as new forms of collectivization of production in substantiating macroeconomic rates and proportions of development.

The plan balance of fixed capital quantitatively characterizes the following areas of the development of plans: the scope, condition and change of the production apparatus; priorities in the development of spheres and the most important branches and complexes of the national economy; the level of materialization of the achievements of scientific and technical progress and its effectiveness; the dynamics of structural proportions of reproduction and fixed capital; the system of initial data for substantiating the generalizing indicators of the effectiveness of the development of the national economy (profitability and capital availability for production) and the development of economic normatives.

When drawing up long-range plans for economic and social development the balance of fixed capital makes it possible (on the basis of planned proportions of renewal and withdrawal) to establish: national economic requirements for the overall volume of investment resources (distinguishing production and nonproduction capital investments) and the minimum level of effectiveness of their utilization; the scale of technical retooling and reconstruction of existing production in coordination with the volumes of withdrawal of worn-out and obsolete

fixed capital; the dynamics of the intensification and effectiveness of the development of the national economy (output-capital ratio, speed of renewal of fixed capital, and so forth).

A new aspect of the development of the system of balances of fixed capital for national economic complexes is the extensive utilization of data from inventories and evaluation of the technical level of machines and equipment and the most important technological plan implemented in industry as of 1 January 1986. The inventory made it possible for the first time to obtain detailed information about the qualitative composition of machines and equipment which is used when determining the proportions for the reproduction of fixed capital in the annual plans. As a result the planned volumes of withdrawal were conditioned by data concerning the technical level of machines and equipment subject to replacement.

The inventory showed its great practical significance for strengthening the substantiation of plans for the reproduction of means of labor, above all as a result of the utilization of indicators of their technical level and condition. Moreover the data obtained are important for establishing priorities in the development of branches, subbranches, and production of the machine-building complex in order to coordinate the assignments for raising the technical level of production and fixed capital.

As a result of the development of detailed data concerning the condition of machines and equipment, methodological and economic prerequisites appeared for the formation of the balances of the active part of fixed capital not only in machine building but also in the fuel-energy, metallurgical, chemical-timber, and construction complexes.

In order to determine the proportions of reproduction of fixed capital, when preparing the Basic Directions for the Economic and Social Development of the USSR During 1991-2000 and the Five-Year Plan for 1991-1995 it would be expedient to conduct a regular inventory. Taking into account the existing experience, it is necessary to expand the number of branches of the economy (construction, agriculture, transportation and communications); to make the evaluation of the technical level of fixed capital more detailed and to increase the number of analyzed groups; to establish clear-cut criteria for including means of labor in the corresponding groups of the technical level; and to envision an evaluation of their comparative effectiveness.

The further development of the balanced method of planning brought about new methodological approaches to determining the structural proportions of the reproduction of fixed capital and the evaluation of their effectiveness. The point of departure is the substantiation of the proportions of renewal, withdrawal and effectiveness of the utilization of fixed capital. The

acceleration of the renewal is the result of the interaction of two factors: rates of increase in fixed capital determined on the basis of the investment possibilities of the national economy and the need for the development of the production apparatus; the scale of withdrawal of outdated machines and equipment taking into account the rates of creation of new technical equipment, its effectiveness and the need to form a production potential of a high technical level.

The scale and stages of the withdrawal of fixed capital are determined when analyzing their condition and level taking into account the planned resources of capital investments and rates of development of machine building. The scale and rates of withdrawal reflect the concept of scientific and technical progress that has been adopted: evolutionary through stage-by-stage replacement of outdated elements of the system of the functioning fixed capital; revolutionary, through complete replacement of the technical means of production in the base branches of the national economy. In the 12th Five-Year Plan the increase in the withdrawal of outdated means of labor has more than doubled and in the machine-building complex it has increased by a factor of more than 4, which creates real prerequisites for changing over to the second direction of scientific and technical progress.

Consequently, the main task of planning the increased effectiveness of production is the substantiation of the volumes and structure of removal in coordination with the higher technical level of the enterprises and the scale of introduction of new technical equipment. In this connection one of the criteria for establishing coefficients of removal is the approximation to the norms of amortization deductions which take into account the rates of wear and tear and obsolescence of individual kinds of fixed capital and, through them, the functioning systems of machines and technological processes.

When developing the planned balances for fixed capital and the indicators of the intensification of their utilization a decisive role is played by the substantiation of ways of increasing the effectiveness of technical retooling and reconstruction of existing enterprises. This is related to the fact that fixed capital comprises the majority of the production apparatus whose significance is constantly increasing as a result of the increased capital investments used for technical retooling and reconstruction of enterprises.

At that same time an analysis of the 12th Five-Year Plan shows that the task of significantly increasing (doubling) the effectiveness of technical retooling and reconstruction as compared to new construction has not been reinforced by concrete measures or the availability of equipment and plans. As a result, the planned effectiveness of these forms of reproduction does not exceed the level of effectiveness of new construction and in terms of

a number of indicators (for example, labor productivity) is even less, which considerably reduces the effectiveness of capital investments as a whole.

For example, in industry the volume of increase in output as a result of technical retooling and reconstruction in the overall increase is less than the proportion of these forms of reproduction in capital expenditures. Proportional capital expenditures for increasing output as a result of technical retooling and reconstruction are practically equal to the average branch indicators. The effectiveness of the utilization of labor resources as a result of conducting work for technical retooling and reconstruction of enterprises is inadequate. Thus in machine building it takes 86,000 rubles' worth of capital investments with an average capital availability of labor equal to 13,000 rubles per man to release one person employed in manual labor.

Taking into account the further increase in the role of national economic balances, when drawing up long-range plans for the development of the economy the main task is to develop approaches to drawing up an intercoordinated system of balances of fixed capital, labor resources, capital investments, and production capacities. The main goal of this system is to provide for planned and proportional reproduction, renewal, and intensification of the utilization of the production apparatus as a whole and also for the national economic complexes and the most important branches and spheres of the economy.

Balance of reproduction expresses immunity of such processes as planning and proportionality of economic growth, promptness of these processes as a whole and individual stages of them, and rhythm in the startup of new fixed capital. Balance is reflected most completely in the effectiveness of the utilization of means of labor and capital investment and structural proportions that are adequate to them. Therefore the most important task in the development of a methodology for long-range planning consists in drawing up a unified system of balances that encompasses the most important physical-substantial and financial-value proportions and economic indicators of reproduction, renewal and utilization of fixed capital.

The system includes balances: of fixed capital and their active part in the various spheres, the most important branches and complexes of the national economy (in terms of complete and residual value); capital investments and incomplete construction; production capacity; equipment (in value terms); resources for self-financing of expanded reproduction of fixed capital; the summary balance of fixed capital and capital investments; and labor resources and work places.

A new instrument for planned management of reproduction of fixed capital is the development of balances of the active part of fixed capital with a breakdown of the individual groups of the technical level. The task consists

in, using data from the inventory concerning the availability of machines and equipment that correspond to the world level at the beginning of the 12th Five-Year Plan and on the basis of evaluating the startup of new fixed capital of a high technical level, to deliberately plan the rise of the technical level of fixed capital by the beginning of the 13th Five-Year Plan.

The balance of resources for self-financing of expanded reproduction of fixed capital has the goal of establishing efficient proportions between centralized and internal funds of capital investments used for renewing existing fixed capital. The development of this balance with a separation of the individual areas for capital investments (technical retooling, reconstruction, and so forth) will make it possible to substantiate the limits of economic independence of the branches and complexes in the reproduction of existing fixed capital and the necessary amounts of centralized resources for renewal and growth of the production potential mainly as a result of new construction.

As a result of the development of the system of balances under consideration in the various stages of planning there is a changeover from indicators of balance of the national economy to planned indicators of the branches and enterprises according to an accepted methodology. Moreover, the general economic indicators of the national economy are coordinated with indicators of the final results of the branches and enterprises (output, profit), resources (capital investments, fixed capital) and their effectiveness (output-capital ratio, proportional capital investments, time periods for recoupment, and so forth).

In order to further develop the balanced method of planning reproduction of fixed capital it is necessary to increase the role of economic normatives when determining the resources for reproduction and the effectiveness of their utilization. It is important to restructure their development in such a way that they are not the result of decisions that are made concerning volume indicators but provide for the given role of target points of socioeconomic development in the planned period on the basis of a quantitative evaluation of the effectiveness of production processes. In addition to normatives for the distribution of profit, the formation of economic incentive funds, and others, an appreciable place should be occupied by normatives of effectiveness—recoupment of capital investments, output-capital ratio, proportional capital investments and so forth—as a constituent part of the initial data for preparing the plans. In order to achieve flexibility of the production mechanism, it is expedient to make the production level dependent on the influence of the following factors. Their stable amount is composed of the requirements for the effectiveness of new technical equipment, the utilization of fixed capital and capital investments; the variable part—the structural factors that change in the process of the preparation of plans (branch, reproduction, technological, and so forth).

It is necessary to develop approaches for quantitative evaluation of the influence of the rates and proportions of reproduction of fixed capital on the indicators of the effectiveness of the utilization of labor resources, new technical equipment, and so forth. The minimum amounts of the effectiveness of production at the national economic level (included in initial data for planning) through the system of economic normatives are transformed into indicators of the effectiveness of the utilization of resources in the various branches and complexes. For example, planning indicators of the output-capital ratio and labor productivity for the various branches and complexes can be utilized expediently for establishing requirements for the effectiveness of new plans which, taking into account the given level of renewal of production, will provide for the achievement of the necessary effectiveness of branch development.

It is important to expand the development of the system of balances of fixed capital for the various national economic complexes in order to coordinate the indicators of the balance for the branches of the economy with the corresponding branch calculations. This will make it possible, with the 13th Five-Year Plan, to form as part of the long-range plans for economic and social development plans for reproduction, renewal, and utilization of fixed capital and their active part in the branch and specified cross-sections. As a result it will be possible to utilize balances of fixed capital, capital investments, and production capacities for developing state orders for the delivery of the most important kinds of products and the startup of production capacities using state centralized capital investments.

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Social Investment Policy Calls for Intensified Renovation, Reconstruction

18200005b Moscow *PLANOVOYE KHOZYAYSTVO* in Russian No 8, Aug 88 (signed to press 25 Jul 88) pp 94-99

[Article by L. Svirina, senior scientific associate of the Institute of Economics of the USSR Academy of Sciences, candidate of economic sciences: "The Investment Policy in the Sociocultural Sphere"]

[Text] One of the instruments for direct influence on the rates, structure and, the most important thing, improvement of the qualitative level of the development of the social infrastructure is the investment policy. It is intended to provide for a stronger social direction for capital investments and comprehensive and balanced development of the branches of the social-cultural sphere.

Under the 12th Five-Year Plan it is intended to stabilize proportion of social investments in the overall volume of capital investments and transfer no less than 10 percent

more capital investments for the construction of new housing and other facilities of the social and cultural sphere which were previously used for industrial construction from all sources.¹

But the main thing in the development of the material base for the social sphere is not so much increasing the rates and changing over to a qualitatively new level of its development with the help of an active policy of intensive renewal and reconstruction and increased provision of supplies of principally new technical equipment, and other equipment as well as the introduction of new technologies.

The program for renewal and reequipment of the material and technical base of the social-cultural sphere cannot be developed in real life without a preliminary evaluation of its current condition on the scale of the entire country. The existing fixed nonproduction capital should be differentiated within the framework of the branches (public health, housing and municipal services, education and so forth) in terms of the level of wear and tear in order to determine the proportion of buildings and facilities that are in satisfactory condition and also worn-out and dilapidated buildings that are subject to being torn down. A qualitative analysis of the condition of functional areas for facilities of the nonproduction sphere that determines the degree of their engineering provision and their provision with the corresponding kinds of amenities is also important. It is also necessary to have data concerning the correspondence to normative indicators concerning the number of children in children's preschool institutions and general education of schools, the number of beds in hospitals, and the housing supply that does not meet regional conditions for operation. The effectiveness of the reproduction of fixed nonproduction capital should be analyzed also in terms of the dynamics and ratio of coefficients of startup and withdrawal.

There arises the question of the formation of a system of target, quality measurements of the level of social development and well-being in the society. The traditional evaluations of the final results and the level of development of the nonproduction sphere in terms of the number of physicians, the volumes of goods and services, the numbers of hospital beds, the places in kindergartens and schools, visits to polyclinics, cultural institutions and so forth characterize it only from the quantitative standpoint but do not make it possible to determine the real degree of satisfaction of the social needs of the population. In our opinion, the utilization of such indicators, for example, in public health was to a considerable degree the cause of the weakening of attention paid to questions of prevention and maintenance of health and improvement of the quality of medical service. High quantitative indicators have created the appearance of well-being in this branch and as a result there has been a relative and absolute reduction of investments in public health.

It is necessary to radically change the practice of utilizing indicators that characterize the quantitative side of planned processes in accounting for and planning the development of the material and technical base of public health and other branches of the social-cultural sphere and to augment them with qualitative measurements. In public health, for example, in addition to the indicator of the beds one should also use the following: the average area for wards per bed,² the proportion of hospital beds in wards with less than five beds, the capital availability for one hospital bed (including medical equipment and engineering and technical equipment that provide for operation of the buildings), current expenditures per one bed/day (including expenditures on food and medicine), the average number of days the patient stays in a hospital, and the turnover of the beds.³ According to estimates from specialists, a reduction of the patient's stay in the hospital by one day (without reducing the quality of medical assistance) is equivalent to introducing about 100,000 additional beds, which corresponds to expenditures on new construction in an amount of 2.0-2.5 billion rubles.

On the basis of the program for the development of the social sphere drawn up according to quantitative and qualitative indicators it is necessary to determine for the various branches and territories the necessary capital investments and the improvement of the material and technical base (increase in fixed nonproduction capital and volumes of its introduction).

The specific features of the nonproduction sphere are reflected in its "rigid" attachment to the territory and the formation of the demand for its services depending on the needs of the population that are differentiated according to the social structure, the production orientation, the sex and age composition, and the national peculiarities of the population by living on the given territory. The failure to account for these specific features stands in the way of effective development of the social sphere. In our opinion, it is precisely because of these shortcomings in planning and financing of objects for social and cultural purposes that make it impossible to provide for a correspondence between their quantity and quality of service and the needs of the population that production enterprises have taken over a large share of the functions of control of the territory's social development.⁴

Development of social facilities mainly at the expense of the production sphere cannot provide for satisfaction of the social needs under principles of social justice. Inter-departmental differences in the funds allotted for social needs increase even more the differentiation of conditions and the standard of living within individual territories and cities. Small and medium-sized cities in which there are no large production enterprises end up in relatively worse conditions. The departmental approach gives rise to a shortage of services of specialized regional

cultural institutions and does not contribute to comprehensive building up of the territory with all the necessary facilities of the social infrastructure.

Most frequently industrial enterprises satisfy the needs of their workers only according to the necessary minimum of social and domestic services and build mainly medical points, dispensaries, polyclinics, simple sports facilities, recreation bases, and so forth. As concerns houses and palaces of pioneers, young technicians' stations, children's sports schools, which are important for forming a harmonious individual, homes for the elderly and invalids and so forth, only the local soviets are concerned about these and their limited funds do not make it possible to fully provide the territory's population with these institutions.

The plan for the territory's social development received as a result of information from branch and local assignments does not provide for comprehensiveness and does not prevent the appearance of disproportions in the territorial branch structure of the social-cultural sphere. The violation of the necessary proportions in the volumes of capital investments leads to a lack of correspondence between the level of engineering buildup and the volumes of housing construction and service and cultural facilities. For example, under the last five-year plan capital investments were basically used for constructing housing and preschool institutions and insignificant amounts of them were used for the construction of such municipal facilities as the sewage network, heating and water supply systems, and others, as a result of which the condition of this business deteriorated significantly in many cities.

The departmental dispersion reduces the effectiveness of the utilization of resources in the social-cultural sphere as a result of diffusion of capital investments and increased nonproduction expenditures with construction and installation work for engineering equipment and building up of the territory, which can be significantly less with comprehensive buildup of new cities and microrayons. The social facilities that are created are not optimal in terms of capacities and the volumes of their services are not calculated taking into account the total need for service of the territory's entire population.

It is obvious that in order to eliminate the aforementioned negative consequences and concentrating the functions of the territory's social development among the enterprises and allowing the branch form of financing the construction of social facilities to prevail it is necessary for branch departments to transfer to local soviets a considerable share of the functions having to do with control of the development of the nonproduction sphere, including the creation of the social infrastructure.

Work in this direction has already been started. But it is necessary to greatly step up the activity of the soviets of people's deputies for mobilizing additional territorial

reserves for increasing productivity and its effectiveness on the basis of providing for comprehensiveness of the development of the region's economy and more efficient solutions to problems related to development of the social sphere. The soviets of people's deputies have been given extensive rights to combine funds and efforts on the territory of the enterprises and organizations for a comprehensive solution to the production and social problems of the regions.

Since 1987 in Vladimir and Kuybyshev oblasts in the Estonian SSR an experiment has been under way concerning the new policy for planning and financing construction of residential buildings and facilities for municipal and cultural-domestic purposes whereby all limits of capital investments and contract work for construction, including that carried out with funds of housing construction combines, are established in the plan by the executive committees of the oblast's soviets of people's deputies and the council of ministers of the Estonian SSR.

A decision concerning centralization of the functions of management and control on a territorial basis within the framework of local soviets and their planning agencies is quite justified. But when it is being implemented certain difficulties can arise. As we know, it is written in the Law on the State Enterprise (Association) that the labor collective of the enterprise must use a certain part of the cost-accounting income for all-around strengthening of the material and technical base of the social and cultural sphere, the maintenance of its facilities, the conducting of health improvement mass cultural measures, and the satisfaction of unsocial needs. Thus the system of measures for exercising centralized control of the social development of the territory should be coordinated with the development of decentralized public consumption funds for achieving the overall social goal of improving the well-being of the Soviet people.

Under the conditions of the organizational and economic restructuring of the activity of the enterprises according to principles of complete cost accounting and self-financing that is taking place in our economy, the stimulating role of the social development fund in increasing the effectiveness of public production must increase. Therefore the effectiveness of the territorial principle of management will depend largely on the intercoordination of social goals that are common for the given territory with the solution to particular problems of creating locally organized forms of social consumption at the enterprises.

For an optimal division of the functions of the state and the enterprises in resolving social problems it is necessary, in our opinion, first of all to determine the specific kinds of activity and clear-cut functional limits of both central and decentralized departmental and public consumption funds and on the basis of this, to eliminate the

existing duplication in their functions. It seems expedient at the level of the enterprise to resolve social problems that are directly related to production problems. The life support complex of social and domestic services, including housing and municipal services, consumer services, preschool education and general education, the provision of leisure for the population (development of national creativity, the recreation industry, cultural and educational work and so forth), health protection and others, should be "produced" in places where they will be consumed, that is, in the populated territories, and they should be equally available both quantitatively and qualitatively to all citizens living on the given territory.

The transfer of some of the functions of control of the development of the social sphere by branch departments to local soviets will make it possible to concentrate efforts and funds of the enterprises on the development of social factors that directly affect the increase in labor productivity. The most important of these are improvement of working conditions, building sanitary protection zones around enterprises that are being operated, and eliminating (reequipping) work places with production factors that are unfavorable to the health. Another no less important social aspect of the activity of enterprises should be linked to increasing responsibility for conducting environmental protection measures and their results, with the prevention of harm from pollution of the environment with industrial wastes (as a result of introducing waste-free and reduced-waste technologies, improving technological processes, and so forth).

At the present time many enterprises have an extensive network of social and cultural institutions, their own housing supply and institutions for health protection, recreation, and training and retraining of personnel. As was already noted, this creates prerequisites for unjustified differentiation of the conditions for the life of various groups of the population, a breaking up of the material and technical base of the social sphere, and in the final analysis, it worsens its development. Therefore it seems expedient to gradually change over to centralization of management of these social kinds of activity on a territorial basis.

The advantages of centralized control of the social-cultural complex are obvious. Thus a gradual transfer of the departmental housing supply to the books of the local soviets will contribute to the most rapid solution to the housing problem. Or, for example, the organization of the recreation of the population and the development of a network of sanatoriums, houses of recreation, and inns are linked to the utilization of the natural environment which is nationwide property and therefore more effective utilization of the territories intended for recreation zones can be provided on the basis of comprehensive building of health facilities there.

It is also expedient to carry out training and retraining of specialists and skilled workers centrally, in centralized educational institutions for interdepartmental purposes.

This will provide for a significant savings on resources. Departmental duplication of vocational and technical schools for training specialists of the same profile is inefficient: each training institution creates its own production base with specialized equipment and machine tools, on which immense amounts of money are spent and the coefficient of their utilization is very low.

The integrated system of measures for restructuring territorial planning and management should pursue a dual goal: strengthening of the centralized basis in solving the most important problem of territorial socio-economic development and strengthening the independence of regions in economic activity, planning, and management.

At the present time certain directions have been earmarked for restructuring management at the level of the councils of ministers of union republics and local soviets. There is to be an increase in the role of these agencies in comprehensive planning of the economy as a whole for the territory including the development of the social and cultural sphere. A new policy has been adopted for the formation of local budgets, including deductions from profit and payment for resources of enterprises under higher jurisdiction. A policy has been established for interrelations between enterprises and local soviets under the new conditions.

But we have not yet developed the fundamental provisions that determine the functions of the local soviets and their executive committees as self-management agencies. This impedes the development of the region's social sphere.

Local soviets and planning agencies should have real authority and the necessary financial and material resources for the development of the social and cultural sphere, and the functions of planning, financing and execution should be concentrated in them. It would be expedient to form within the system of ispolkoms of local soviets a service of a unified client in planning and construction of facilities of the social infrastructure which should draw up a target comprehensive program for the development of the social sphere and be in charge of limits of capital investments and contracting work for construction of social-cultural facilities and the specific manager of this work.

The question of the status, functions and authority of the local soviets should be coordinated with the construction of the hierarchical system of management of capital construction of the territory and the determination of the interrelations between the USSR Gosplan, the republic gosplans, the ministries and local soviets, the gor- and rayispolkoms and the enterprises. When improving the organizational structure of agencies for management of social development of the regions it is necessary to envision the possibility of concentration of resources of capital investments that are now dispersed among various ministries and departments.

One of the variants of combining resources of capital investments being proposed at the present time is for the ministries to transfer them to local soviets according to principles of shared participation in the construction of social and cultural facilities. But it will hardly make any significant change in the investment policy for the development of the territory's social sphere since the point of departure here is not satisfaction of the specific territorial needs for social benefits but the possibilities of the enterprises, that is, the residual principle of planning the development of the social infrastructure will remain.

In our opinion, when forming and transferring funds into the republic budget it is necessary to take into account the entire totality of resources of capital investments for the development of the territory's social sphere, regardless of their departmental jurisdiction (under republic or union ministries and departments). The amounts of the enterprise's deductions should be determined on a normative basis, proceeding from the goals for development of the territory-wide social infrastructure. It would also be expedient to establish for the enterprises under union and republic jurisdiction normatives for deductions into the budget from profit for social development, differentiated depending on the level achieved in providing facilities (services) of the social-cultural sphere at the given enterprise with the given number of personnel. When drawing up the plan and the budget for the oblast, the ispolkoms of the oblast soviets should allot funds in a "separate line," that is, the overall sum of capital investments and contracting work for the development of the nonproduction sphere without a breakdown for the various territories and facilities.

One of the problems in improving the planning of the development of the social-cultural sphere for the national economy as a whole as well as the republics and oblasts, improvement of planning capital investments is especially important—this is the main structure-forming parameter with which one regulates the process of reproduction of fixed nonproduction capital.

The object of national economic planning should be the technological structure of capital investments in the social sphere for successful implementation on the scale of the entire country of measures for increasing the technical supply of fixed nonproduction capital. Only at the national economic level is it possible to determine the policy for investment in its development among the various union republics and the most important economic regions (for example, Siberia and the Far East) and newly assimilated territories, for example, the BAM Zone. The territorial distribution of capital investments on the national economic plane should be limited to planning the overall sum of capital investments and contracting work for the development of the nonproduction sphere without a breakdown for the various oblasts and projects.

The redistribution of capital investments among the branches of the social-cultural sphere (housing and municipal services, the sphere of services, trade and

public catering, public health, education, culture and so forth) can be carried out expediently at the level of the republics, oblasts, and economic regions since only "locally" is it possible to take into account precisely the demographic situation, the ethnographic and national peculiarities of the population, and the level that has been reached in providing the rayons and cities with facilities of the nonproduction sphere.

The overall policy for the development of the social sphere with the existing limitations on resources should be determined on the national economic plane through the establishment of priorities, which under the 13th Five-Year Plan will still be housing and municipal services, public health, and the branches that provide for the implementation of the Food Program. Public education must also be included among these. But it is expedient to plan priorities not by establishing limits on capital investments but by establishing as directive indicators target normatives (differentiated for the various republics, oblasts, economic regions and newly assimilated territories) for providing the population with housing, food products, public health services, and education.

The reproduction structure of capital investments should also be planned at the regional level since the specific features of reproduction processes of fixed nonproduction capital determine for the long range depends largely on the structure of the capital in operation on the given territory.

It is necessary to regulate the development of fixed nonproduction capital among the various branches by allotting capital investments for making reimbursement for the withdrawal of fixed capital and elimination of excessive concentration of institutions of public health, preschool education, general education, and so forth. First and foremost it is necessary to completely shut down dilapidated and potentially dangerous capital (in public health in the USSR, for example, this amounts to about \$42,200 hospital beds). Here it is necessary to revise the coefficients for withdrawal (on the whole for the nonproduction fixed capital and for the branches) which during the past five five-year plans have dropped continuously. Thus in the RSFSR the coefficient for eliminating fixed nonproduction capital decreased from 1960 through 1984 from 1.2 to 0.9 percent (including for the housing fund—from 1.1 to 0.6 percent, public health—from 1.4 to 0.9 percent, and science—from 2.7 to 1.9 percent), and this led to an increase in the indicator of wearing out of fixed nonproduction capital: in 1970 it was 21 and in 1985—24 percent.

The distribution of capital investments among the various branches of the region's nonproduction sphere should be carried out in the final stage of planning,

taking into account the prognosis of the indicators of proportional capital-intensiveness and the calculation data concerning the startup of fixed nonproduction capital. The latter, in turn, must be calculated on the basis of the target indicators established in the plan for long-range provision of the population with housing, public health services, consumer service facilities and so forth, the demographic prognosis, the level of capital availability that has been achieved, and the prognosis of the volumes of withdrawal of worn-out capital. Indicators of proportional capital-intensiveness are especially important. In the future the quality of the material and technical base of the nonproduction sphere will depend largely on the level of scientific substantiation of the changes in this indicator. For essential improvement of technical supply for fixed nonproduction capital will be possible only with increased effectiveness of capital investments in the development of the social-cultural sphere. Therefore when developing indicators of the proportional capital-intensiveness it is necessary to envision expansion of the utilization of progressive inexpensive construction materials, new technologies, and also technical equipment that makes it possible to increase the volume and improve the quality of goods and services that are produced with the least possible expenditures.

Footnotes

1. See: "In the CPSU Central Committee and the USSR Council of Ministers, PRAVDA, 5 May 1987.
2. At the present time in the RSFSR the average ward area per one bed is 4.2 square meters, and in cancer clinics—3.2 square meters while the normative is 7 square meters.
3. The average number of days of a hospital stay in the RSFSR is 17.6, in France—14.4, and the United States—8.8. The average annual turnover of beds in the USSR is 18.5 and in the United States—22.
4. For example, in Vladimir Oblast the indicators of the development of the social sphere are close to the average republic ones and at the present time as a result of capital investments allotted along the line of ministries and departments they have constructed 74 percent of the housing, 80 percent of the day nurseries, 86 percent of the kindergartens, and more than 30 percent of the clubs and houses of culture that are on the books of the branch production associations and enterprises (see Yu. Dmitriyev, G. Gutman, "Planning and Financing Construction of Social Facilities," VOPROSY EKONOMIKI, No 5, 1987).

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REGIONAL DEVELOPMENT

Savisaar Outlines Steps Needed To Implement Estonian Khozraschet

18200043a Tallinn SOVETSKAYA ESTONIYA in Russian 22 Sep 88 p 2

[Article by E. Savisaar: "Sovereignty Is Fullness of Power"]

[Text] The author of the article being published today, Candidate of Philosophical Sciences, Deputy Director of the KTB "Maynor" for Scientific Work, Edgar Savisaar, is well known in the republic. He was one of those who as early as September 1987 suggested in the newspaper EDAZI the idea of changing Estonia over to regional cost accounting. The article, as we know, received a broad response.

E. Savisaar wrote on this subject in our newspaper on 17 April of this year. His discussion with the correspondent was entitled "Republic Cost Accounting: The Distant Future or a Reality?"

SOVETSKAYA ESTONIYA continues to publish materials related to Estonian cost accounting (recall that it has been abbreviated in Estonian, "IME"—literally, "self-managed Estonia" (and its introduction into practice).

On 7 May of this year SOVETSKAYA ESTONIYA published an article by an academician of the ESSR Academy of Sciences M. Bronshteyn, "On the Concept of Republic Cost Accounting" and on 6 September an article by Doctor of Economic Sciences R. Otsason, "Landmarks in Place," accompanied by a new rubric, "Republic Cost Accounting: Make 'IME' a Reality." As of today, "it was noted in the speech of the 11th Plenum of the Central Committee of the Estonian Communist Party that was held on 9 and 10 September, "the idea of complete cost accounting of the Estonian SSR has become a program point of the Communist Party of Estonia, which has been reflected both in the platform of the Communist Party of Estonia at the 19th All-Union Party Conference and in its resolution. It is important that we are considering republic cost accounting as a means of strengthening the USSR as a whole."

Today our newspaper is publishing another article by E. Savisaar. Thus we are also responding to the request of the initiative group of the national front of the city of Narva to elucidate the concept of "IME" more extensively in the Russian language press.

Continuing the discussion, the editors are asking all interested readers, scholars, engineers and economists to participate in it. We are awaiting your letters!

The idea of cost accounting in Estonia has now been accepted at all levels of management and a course has been taken toward its rapid introduction. Nonetheless the public was fairly cool about this course of events. The

majority are still waiting or are even skeptical. The struggle for the idea of the republic's cost accounting was keen but, having won it, people still do not have a full idea of whether this was a victory or a chameleon that has merely changed its colors once again.

Public lack of confidence can be explained by various factors:

—A multitude of all kinds of "changeovers" have already been carried out in Estonia in recent years and each has presented itself under the guise of efficient management changes. The changeover to the new conditions of wages...the changeover to wholesale supply of enterprises...the changeover to the principles of cost accounting and the system of the Agroprom...and each time the people have again had great hopes which when tested turned out to be empty;

—Having questioned hundreds of people who participated in the "cost accounting forum," sociologists calculated that to the question: "How do you evaluate the support of the management agencies for the republic cost accounting?"—only 2.3 percent answered that the positive attitude of the republic leadership shows their sincere desire to improve the situation of our economy. Thirty percent doubted that it was worthwhile to take this support seriously, and 66 percent expressed the opinion that "this is only an attempt on the part of the leaders to stay in their posts." The respondents warned that by changing their position the management agencies "were only playing on public opinion," that "they are holding to the line which is advantageous at the given moment," and that "at their first opportunity they will bury the idea";

—During the half-year of its activity the problem counsel on republic cost accounting discovered a mass of "blank spots" in our national economy. They are discovering more and more uninvestigated areas and distortions of statistics in territorial management which make it impossible to objectively evaluate the condition of the ESSR economy and the processes taking place in it. In this situation one can understand the confusion and doubts as to whether haste will do more harm than good.

—A certain proportion of the active proponents of cost accounting in Estonia have completely thrown up their hands and think that the appeal: "Change the ESSR over to cost accounting in the near future!"—is a trap into which they put a good idea in order to compromise it irrevocably. But still we have not been given the right to remove ourselves from events and wash our hands, declaring that "the high-ranking leaders have taken away another idea, distorting it at their own discretion" (such was the general idea of the article by M. Tamm published recently in the magazine LOOMING).

Indeed, based on simplistic ideas we have considered it possible to carry out the changeover to cost accounting by changing one branch after another in sequence. And

the branches that would be first to change over to the new conditions would be the ones where this could be done most easily. Well, psychologically one can understand the desire to begin with the easiest. This is based on a fear of "walking on thin ice" and also a fear that we still will not make it and therefore it is better to begin cautiously and little by little, so that it will still be possible to go back. But this is an incorrect path, since the changeover to cost accounting must be regarded as a unified process that has its own internal logic. Yes, this changeover can be evaluated in stages—but then each stage must encompass the entire national economy as a whole. If the changes are made only in certain of the most acceptable components of the economic system this will cause a lack of correspondence between their work and the functioning of the rest of the areas of the national economy, and the results of the transformations will be distorted, and the matter will end with the unchanged environment being forced to return to its previous condition. It is possible to move forward only in a single line, step after step raising the role of the "horizontal" interconnections among the elements of the entire economic system.

First of all, it is necessary to create a set of preliminary conditions without which the changeover of the republic to cost accounting will be a fiction. This was impossible without restructuring the interrelations of cost accounting in Estonia both with the other regions of the USSR and agencies of union administration and with foreign countries and the world economic system. Only then will it be possible to effectively control what is taking place within the cost-accounting unit itself—the Estonian SSR. These preliminary conditions should be legally formulated in the form of a law on republic cost accounting—analogous to the Law on the State Enterprise. Such a law should have the clear-cut nature of a constitutional provision and contain the basic principles that are subsequently refined more by separate instructions.

This law, naturally, would pertain only to the ESSR and would take into account the typical features of the republic and its economic, geographical, historical and cultural distinctions. We cannot develop the only true model that is appropriate for all regions of the country—although subsequently others as well, having used our experience as a basis, will obviously be able to take advantage of it in various relations. Possibly those conditions cost accounting is encountering in the ESSR will make it necessary to give the entire republic the status of a special zone.

We need to change the nature of the ties between the republic and the rest of the USSR economic complexes closely linked to the restoration of the integrity of its national economy; that is, the possibility of operating and developing in the form of a unified, integrated system. The republic national economy will never be able to be a unified whole if an appreciable proportion of it is under the jurisdiction of union and union-republic departments.

But in order to achieve an integrated condition of the economy, it is necessary, in the first place, to transfer the entire territory of the Estonian SSR, its soil and water resources, its buildings and structures, its enterprises and banking system, its scientific research institutions, transportation and so forth to the ESSR.

As an exception a small number of the enterprises can be left under union jurisdiction and be regarded as transnational corporations which nonetheless should be ruled by the laws in effect on the territory of the republic. The proportion of the volume of products produced by union enterprises should not exceed, for example, 5 percent of the overall republic industrial potential.

Transferring plants under union jurisdiction to the ownership of the ESSR should be conducted free of charge, that is, without taking into account the capital investments made by the union departments. Otherwise the latter, for their part, will have to pay for extended operation not only of the plants themselves, but also the entire territory and infrastructure of the republic—this would undoubtedly increase the sum of capital investments.

In the second place, it is necessary to establish that all republic ministries and other central departments are under the jurisdiction only of the ESSR Supreme Soviet. Estonian cost accounting will end up an empty phrase if the ministries and central departments are obliged to follow instructions that come from outside the republic. The principle of control should also be different. Union agencies, of course, will continue to verify the work of the enterprises under union jurisdiction but their authority should not extend to enterprises and institutions that are republic property.

Third, it is necessary to provide for continuous work of industry under republic jurisdiction. From the very beginning it is necessary to transfer to the republic the enterprises along with the material supplies planned for them up until the end of the five-year plan. The question of making sure that plants under republic jurisdiction are not left without raw and processed materials will remain vitally important in the future. How will it be resolved?

I think that in the first stage of the changeover to cost accounting, when wholesale trade in means of production on the scale of the whole country has not yet been arranged it will be necessary to create an ESSR Ministry of Wholesale Trade in Means of Production (Minoptorg). As a management agency it would help the enterprises to acquire capital, since it is possible to determine beforehand that the enterprises that have been released from the jurisdiction of union departments will have difficulties in this area. If they are left alone the plants will probably, at least at first, turn out to be too weak as partners in acquiring capital from previous departments—the owners and their suppliers. As long as there is a system of fund distribution the ESSR government, through its ESSR agency—the Minoptorg—would take

over the previous functions of the union ministries in this issue. Initially these functions would be limited to material and technical supply of the enterprises and as wholesale trade develops further, elements of trade relations would come to prevail in the activity of the Minoptorg.

As we can see, the functions of the Minoptorg would be quite different from those of the Gosnab. The Minoptorg would not concentrate funds in its own hands, would not distribute them, and would not redistribute them.

At the July Plenum of the CPSU Central Committee a task was also set to develop direct ties among republics and rayons that are working under cost-accounting principles. In the stage when wholesale trade in means of production in the USSR begins to operate successfully, the functions of the Minoptorg will change to such an extent that it will be possible to rename it the ESSR Ministry of Interrepublic of Wholesale Trade, assigning it the duty of state administration of economic ties with other union republics. If in the first stage the problem of where to deliver raw and processed materials is basically resolved, in the second stage the problem will be where to sell the products.

Any enterprise in cost-accounting Estonia has the right to conclude trade transactions independently. At the state level the Minoptorg would conclude interrepublic and interregional trade agreements—later they will be refined and implemented with the conclusion of smaller agreements among the enterprises. The transactions conducted among the enterprises will be effective only if they are registered in the Minoptorg and thus recognized as official. The ministry checks to see whether the enterprises are following the republic economic policy and adhering the quotas and limits for importing and exporting established in keeping with this. Without this sort of institution effective direct ties among republic will be impossible. The Gosplan cannot fill in the gap, since we are speaking not about planning but about problems of daily current economic policy.

In the first place, it is necessary to regulate the sphere of statistical reporting and analysis and create prerequisites for obtaining a complete picture of the national economy, its potential and its bottlenecks. The long-entrenched practice of classifying statistical data has deepened the pollution of the spiritual environment, contributing to concealing the truth. In such conditions one cannot correctly evaluate (or optimally direct) the Estonian economy, arrange public life, put the environment in order, or put an end to extravagance or the chaotic method of management that depends on knowing people.

An important preliminary condition for changing over to cost accounting should be providing for the independence of the national economy, which will enable the republic to unilaterally resolve all current economic

issues, to select an economic strategy, and to implement it. The principle of independence requires that all internal economic relations in the republic correspond to the laws of the Estonian SSR and be resolved under the policy established by the republic council of ministers. And all-union laws should be in effect in cases not envisioned by republic legislation. Questions of divergence between union and republic legislation should be resolved within the republic in keeping with the laws of the Estonian SSR.

Thus the principle of independence presupposes that the ESSR Supreme Soviet as the highest agency of authority of the sovereign union republic has the right to publish laws which can be different from union normative acts and whose effect is limited, naturally, to the territory of the Estonian SSR alone.

Economic independence in relations with central union agencies will provide for changing all republic obligations to it over to a contractual basis (at the level of the USSR Council of Ministers and the Republic Council of Ministers). When concluding these agreements the Estonian SSR government either accepts one state or another within the limits of its capabilities or rejects it if this order does not bring advantage or does not correspond to the interests of Estonia. The same agreements are comprehensively regulated also by prices and as a basis one must use the principle of contractual prices. It is necessary to anticipate changes in the price proportions related to retail market conditions and correspondingly envision flexible, changing prices. When filling the state order and in interrepublic commodity exchange contractual prices should be established not by the enterprises but through agreements concluded at the state level.

Deductions from the republic into the union budget should be determined on the basis of income of the republic budget. These deductions, which can be called the union tax, are a certain proportion of the national income produced by Estonia. The sum of the union tax should not exceed the proportion of the ESSR national income that is now being transferred by central departments along various channels. For we produce the largest per capita national income of all the union republics so if we retain the proportion of these deductions at the present level we will still be transferring into the union budget more than any other republic per resident. Both Estonia and the country as a whole stand to gain from the establishment of a union tax. At the present time the increase in national income is inadequate—it is natural that that part of it is transferred to union agencies has been practically the same for a long time. But the new economic situation, having required appreciably more intensive development of productive forces of the republic, will accelerate the growth of national income—thus the absolute volume of deductions into the USSR budget will increase as well.

It should be taken into account that the union tax could be constructed in a different way also, for example, as a

stable sum of deductions that does not depend on the economic indicators of the republic. It is for economists to decide which variant is better.

As concerns accounts with the union budget, here the republic should be presented as a unified whole. Periodically—monthly or quarterly—it should make deductions into this budget, and the ESSR finance should keep track of their completeness and promptness. It is also necessary to take exceptions into account, for example, payment of a certain amount of the union tax (for example, for maintaining armed forces on the republic's territory) in physical form.

An indispensable condition for republic cost accounting is the balance of supply and demand for consumer goods on the local market. In order to avoid the emptying of the Estonian trade network by consumers coming from other regions of the country in search of goods and to prevent a dangerous growth of "trade tourism" if because of cost accounting the economic condition of the republic begins to improve rapidly, it would be expedient to partially change retail trade over to a special system of accounting, introducing into circulation checks that are valid only within the republic and perform the function of money within it. These bank checks (that is, "Estonian rubles") would be used in paying for work done on the territory of the ESSR. The republic Gosbank would introduce these checks into circulation strictly in keeping with the volumes of foodstuffs and industrial goods available at the given time, maintaining the sum of checks in circulation even 10 percent lower than the sum of goods available for sale. Some of the wages would be paid in checks and the percentage could fluctuate depending on the local production results. The official rate of exchange between the ruble and the check would be 1:1 and checks could be exchanged for rubles without restrictions but also without the right to change them back. A check would be valid only with the signature of its owner, which would reduce the possibility of speculation.

As the trade network is technically modernized, such a system would also open up simultaneously the possibility of rapid changeover to the method of "credit cards" or "markers" which have become extremely widespread throughout the year since this method makes it possible with a cash register connected to the bank to make deductions automatically without cash. There is no longer any need to use for protection of the interests of local consumers such primitive measures as coupons for sugar, meat and butter, the sale of some of the goods only to consumers registered in a given area, and so forth.

It is not technically complicated to regulate the circulation of checks. Any person will be able subsequently to purchase consumer goods, of which there is no shortage in the ordinary stores in the republic, for rubles. But the majority of the stores will be transformed into so-called check stores where they will always have those goods which now disappear from the counters, going into the

shopping bags of speculators even before the workers finish their work day. In the check stores it will also be possible to acquire imported goods obtained by Estonia through commodity exchange with foreign countries.

These measures will make it possible in a short period of time to balance the internal commodity exchange, to improve material well-being, and also take the first step in the direction of the convertible ruble. In addition to this, the check system would contribute to reducing the turnover of the work force and to other positive social effects. One should not fail to take into account that people who have earned their pension in the ESSR would also receive some of it in checks.

The checks should be used, naturally, only with accounts within the republic. Accounts with other republics should be kept in ordinary rubles, and with other states—in the currency agreed upon.

The law on the republic's cost accounting should also envision unlimited rights for the enterprises including the right to obtain loans in relations with foreign countries, firms and financial organizations. A loan made by a union republic should not entail any obligations for the USSR as a whole, excluding those cases when it is necessary to fulfill the state order received from central union departments. In the latter case the USSR Council of Ministers also guarantees the payment of the loan.

Obviously, the law should also establish the right of the union republic when it needs foreign currency to apply for a loan to the USSR Vneshtorgbank.

In the stage of assimilation of the republic cost-accounting conditions—during the adaptation period lasting up to 10 years—it should be relieved of payment of the union tax in currency. The compensation for this will be the reduction of currency financing for Estonia by central agencies. At the end of this period some of the union tax should be paid by the republic in "hard currency" in proportion to its currency revenues.

The Estonian SSR government should be in charge of republic ties with transnational enterprises and corporations registered abroad. Their activity should be placed in equal conditions with local industry under union jurisdiction. The only difference would be in profit (both kinds of enterprises would receive profit in their own national currency) and the status of the work force.

Since 1940 we have been practically cut off from the world economic system and therefore it is not surprising that we do not have enough of the appropriate specialists now. In order to develop foreign economic activity for cost-accounting Estonia, it is necessary to have close ties with international scientific circles, including foreign Estonian scholars. The Scientific Council on Problems of Republic Cost Accounting of Estonia has done a certain amount of work in this area. It is planned to create a work group of scientific and practical workers abroad

which will be a part of the council with the same rights as its members working in Estonia. This group will draw up recommendations and predictions regarding Estonia's role in international division of labor and the world economy. Possibilities of long-term investments of foreign capital in the national economy of cost-accounting Estonia have also been envisioned.

Another prerequisite for successful changeover to cost accounting should be educational opportunities, including improvement of specialists at the international level—this is the way to provide cost-accounting Estonia with skilled personnel.

A group of scholars led by T. Ellenurm that is included in the Council on Problems of Republic Cost Accounting is already preparing programs for improving specialists abroad (including analyzing the possible specialties directly related to the internationalization of economic life) and is studying the prerequisites for effective education at the international level. They are comparing various possibilities of providing a foreign education and analyzing ways of applying it and the link between education and the acquisition of "know-how" (applied knowledge) as well as the development of the information infrastructure and cost and improvement of the level of knowledge. At the same time they are weighing the possibility of nonacademic and nontraditional methods of training, including the prospects provided by joint enterprises and joint courses, the development of scientific tourism in Estonia (conducting congresses and so forth) and the creation of science cities.

The introduction of cost accounting in Estonia depends to a decisive degree on the people who will be implementing it. The awakening of minds and their correct application comprise another of the prerequisites for successful changeover to the new principle of management.

The views on republic cost accounting among the management echelon and scientific circles divide people into four groups: some are willing and able to participate in the program for the introduction of cost accounting; others want to but are unable (one should take into account their good will); others are unwilling but are quite capable (their skepticism is the result of the multitude of fruitless "reforms" of past years); and, finally, still others are unwilling and unable. The last category frequently wait passively on the sidelines and another part of them actively resists the changes. During the past year all these groups of people have had the opportunity to express their attitudes toward the idea of cost-accounting Estonia and now it is already possible to evaluate them. It has become completely clear that the principle for forming our bureaucratic apparatus was far from that of effectiveness. Therefore, the introduction of the new principle requires that we rapidly and resolutely get rid of the ballast that in its mania for bureaucratism has become an impediment that opposes the program of

cost accounting. Nonetheless talented people—regardless of the posts they may have occupied during the time of stagnation—should not be pushed to the side: we must take maximum advantage of their experience and authority. Participating in the overall program, some gain, others restore, and still others finally lose their authority in the eyes of the republic.

Consolidation of the residents of Estonia is very important for the introduction of the republic cost accounting. Even now people are linking their expectations to the republic's cost accounting program and for many this program has become almost legendary.

The Estonians' concern for maintaining their nation and culture and for the destiny of the economy has increased sharply in the recent past. And like a drowning man grasps at straws, so the Estonian has grasped after the suggestion of republic cost accounting. The results of a questionnaire conducted by K. Niyas show the sincere support for the program by participants in the "Forum on Cost Accounting" and their high emotional "temperature." According to the data of the "Forum on Cost Accounting" even non-Estonian residents of the republic also to a large degree link their hopes for rapid scientific and technical progress, improvement of the ecology, and a rise in the standard of living to the idea of republic cost accounting. The people are inspired with faith in the future, inviting it in the hope of cost accounting for the republic. And if they are deceived again, the people will have lost their last hope and this will be replaced by indifference from some and extremism from others.

The first stage of the implementation of the republic cost-accounting program is beginning. If during this process we manage to retain the theoretical platform of self-management of cost-accounting Estonia and realize the aforementioned principles, there will be reason to hope for the results that will be brought by the next stage of the program.

Otsason on Issue of Independent Estonian Currency

18200043b Tallinn SOVETSKAYA ESTONIYA in Russian 28 Sep 88 p 2

[Article by R. Otsason: "'Estonian' Money?"]

[Text] SOVETSKAYA ESTONIYA continues to publish articles related to the republic cost accounting. Let us recall that in the preceding article (SOVETSKAYA ESTONIYA of 22 September of this year) the author of the article, E. Savisaar, set forth, in particular, the idea of creating a so-called check system in the republic. Using checks, some of which are received for wages, the Estonian population would be able to acquire products produced in the republic which are still in short supply.

The author of the current publication, R. Otsason, suggests another way of solving the money problem of the cost-accounting republic (the article was previously published in the newspaper RAHVA HAAL).

When reorganizing regions with various potential development into a unified economic system, one necessarily must keep in mind a range of issues related to monetary circulation. Let us discuss this subject in more detail.

Briefly put, the question is this: SHOULD A COST-ACCOUNTING REPUBLIC HAVE ITS OWN MONEY?

The question is both economic and political at the same time. First, because it seems to non-economists that monetary separation means political separation as well. In fact, one should approach this issue first of all with economic arguments. The changeover to republic cost accounting will simultaneously raise three of the most complicated problems which cannot be resolved without involving monetary circulation.

HOW CAN THE REPUBLIC BE RESPONSIBLE FOR SUPPLYING THE POPULATION WITH FOOD PRODUCTS AND INDUSTRIAL GOODS WITH THE CURRENT STATE OF THE NATIONAL ECONOMY, when the market is catastrophically empty and the buying power of money is low and is constantly decreasing?

If with this situation one region is able to improve the condition of its market and another (or others) cannot, there will inevitably be a rush of "shoppers" to the region with the better condition of its market and speculation will begin. In the final analysis, this region will not be able to fulfill its basic task—supplying its own population with goods—and will end up in the grip of contradictions. All the good promises will turn out to be empty words.

HOW IN REALITY CAN A COST-ACCOUNTING REPUBLIC BE RESPONSIBLE FOR THE WELL-BEING OF THE PEOPLE if a condition for this is a balance of expenditures and incomes? If there is no balance there is no real incentive either. Money which cannot buy anything is not an incentive.

The monetary deposits of USSR citizens in savings banks have been growing more rapidly than incomes in recent years. This means that not a single ruble of additional income of the population is covered by commodities.

Take, for example, what happened in 1986 in Estonia. Deposits increased at that time by 149 million rubles—96 rubles for each resident or 288 rubles per family consisting of three people. The average annual wages of workers and employees increased by 71 rubles or by 142 rubles per family (with two workers). The comparison shows that not a single ruble of additional income was

covered by commodities and at best the money piled up in the savings bank while the actual level of well-being did not improve even though the incomes increased.

Today the union republic is not economically responsible for the balance between the population's income and the commodities to cover it. Any poorly arranged economic activity of any republic is generally reflected in the lack of balance of the budget of the USSR as a whole. The condition of the latter is regulated by the totally unsubstantiated circulation of new monetary values, which in turn undermines the economy of all the republics, regardless of whether they are operating well or poorly. This is certainly not cost accounting.

Past years have shown that central union agencies alone cannot provide for balance between the income and expenditures of the population. It is necessary to involve regional management agencies and the interests of the entire population. This is possible only under the condition of a certain separation of monetary circulation in cost-accounting republics.

HOW DOES ONE DISTRIBUTE THE INCOME FROM ADDITIONAL MONETARY PAYMENTS AMONG THE REPUBLICS? The issuance of additional money (emission) is one of the sources of budget income.

This is extremely important today. With the current volume of money produced in the country income from it, according to my approximate calculations, in the Estonian SSR amounts to 200-300 million rubles (that is, the increase in deposits in savings banks plus the actual increase in the demand for money in circulation plus the growth of personal savings). This is approximately 200 rubles a year for each resident of Estonia.

The reality is such that most of the emission income goes into the union budget.

Emission income is purely conventional. If money is produced in a quantity that is greater than is required, the effective demand is the first to increase. The waiting lines in stores become longer, the counters become empty, the assortment decreases, speculation and under-the-counter trade increase, and so forth. The reverse side of nominal "income" is deterioration of living conditions. We are already familiar with this.

Therefore a cost-accounting republic must decide for itself whether to augment its budget incomes through emission (with all the negative consequences that are entailed) or reduce the proportion of similar "incomes" through economic efforts while at the same time improving the well-being of the people.

THE SOLUTION TO THESE PROBLEMS LIES IN THE INDEPENDENT CURRENCY OF THE COST-ACCOUNTING REPUBLIC. This opinion is disputed by the example of Western Europe which is now striving to change over to a unified currency system for all

countries. True. But the country's current economic position is such that we must compare it not with the Western Europe of today but of yesterday. And this comparison leads us to a completely different conclusion.

People also point out the fact that in world practice some of the federal states never had independent money. This is also true. But never in a single federal state in the world has the market been as unbalanced as ours is now. World practice knows no other federal state except the USSR where parts of the whole are constitutionally sovereign states. Hence the next question:

WHAT KIND OF CURRENCY SHOULD A UNION REPUBLIC HAVE?

As of today three variants have been proposed.

First. The currency of a cost-accounting republic should be freely exchangeable (convertible) currency which is used both for foreign trade and for trade relations with other union republics. Let us take a look at this proposal through the eyes of an economist.

We know that convertible currency is an indicator of stability of the economy. Stability of the economy is our goal. But when this condition is not met, it is necessary to change over to cost-accounting without it. International practice confirms that each state must itself achieve a level of exchangeability of its currency relying on its own currency balance. Based on this, are its own supplies of foreign currency sufficient for free exchange? Life shows that not all states, with all their independence, can allow themselves this.

In arguments we are frequently given the example of Hungary, where the forint is supposed to be convertible. But in fact the situation is such that in spite of many years of effort the Hungarians have not yet achieved this. The foreign debt that undermines the economy ties the Hungarians' hands and feet and Hungarian economists do not plan to make the forint convertible in the near future. They look for impediments in real economic processes. This is where the solution to our problems lies.

The money of a cost-accounting republic cannot be convertible unless the actual currency balance is known. To speak specifically about Estonia, by knowing our currency balance we can say that so far we cannot even speak about convertible currency for the republic. All discussions to the effect that with the changeover to cost accounting the currency of the Estonian SSR should become freely convertible are based on nothing. Taking our immense need for imports into account and knowing the "penetrating power" of our exports, it was not likely that we will have convertible currency in the near future. But to have it is our goal.

Another proposal is to introduce in the USSR **ALONG WITH THE RUBLE AND OTHER CURRENCY—THE CONVERTIBLE RUBLE**, which could be used in all foreign trade transactions and which would be provided by the USSR Gosbank and simultaneously be the internal currency of the Estonian SSR. Residents of Estonia would receive wages in convertible rubles which could be exchanged directly and without restriction for any foreign currency, like the U.S. dollars, the British pounds, the German marks, but....

The USSR is not ready to convert currency into its favorite form: debts. The need for imports exceeds our export capabilities. The USSR cannot provide for exchange of convertible rubles since it does not have sufficient supplies of foreign currency for this.

For example, it took the FRG 10 years to make its mark convertible after the financial reform of 1948.

There is another side to the convertible ruble. For example, workers in Estonia receive wages in money that is equal to the freely convertible currency that should be provided by the USSR. Will it turn out that it is a benefit for Estonia but the responsibility lies with others? Who would dare to seriously adopt such a proposal?

TO USE IN THE STORES OF COST-ACCOUNTING ESTONIA INSTEAD OF CASH CHECKS WHICH PERFORM THE FUNCTION OF THE INTERNAL MONEY OF THE REPUBLIC (these proposals were made on the pages of SOVETSKAYA ESTONIYA on 22 September of this year—Ed.). It would seem that the monetary circulation in Estonia could be organized this way only if we do not manage to achieve unified cost accounting, that is, if our cost accounting is truncated and more harm than good comes from it. Let us just recall the "experiment" in the agroindustrial complex. Will we really **BEGIN TO DEVIATE EVEN TODAY?** We must develop a program of complete cost accounting and improve its advantages.

Checks do not lead to our goals. They would require a double trade network: one "check" and a second "ruble." It is an expensive fantasy. For we have a critical and diverse shortage. Will we really purchase meat, butter and sugar in certain stores and bread and salt in others? How, for example, do we distinguish which stores' assortment should include sewn items and rolls of fabric from which they are sewn? What should happen in the country and city suburbs where the buyers are served by only one trade point? How does one prevent speculation in "Estonian checks"? The all-union analogue, the "Berezka" has already been eliminated.

With the development of the check system there will be an increase in surplus rubles in the pockets of the residents of Estonia, local inflation will increase, and there will be another shortage in the "ruble" stores. In the end, residents of Estonia will have to spend rubles far beyond the republic. We ourselves would become trade

tourists—and “shoppers.” The check system will not be able to influence the economy as a whole or the effectiveness of foreign trade transactions.

Taking into account everything that has been said above, I see only one solution.

A COST-ACCOUNTING REPUBLIC SHOULD HAVE ITS OWN MONEY which cannot be freely exchanged either today or in the near future, that is, until there are radical changes in the economy. But it should figure in any economic accounts, exchanges for foreign currency and vice versa, and it should be brought in line with the firm currency exchange. This was already a good support on the path to a more effective economy.

Taking into account the existing structure of trade exchange among the republics and its stability, when meeting the condition of mutual advantage of this exchange the money of the republic can be transformed into freely exchangeable currency with respect to the unionwide ruble. In this case when introducing the republic's own money the unified monetary circulation with the USSR remains. The key economic and political issue is still the establishment of a fair exchange rate. An incorrect exchange rate can lead the republic to bankruptcy and can also create unjustified advantages for it.

This is a system that is being used both by the CEMA and the EEC with outstanding success.

A cost-accounting and independent republic must be given the right to introduce on its own territory an exchange rate which it considers to be most expedient for itself. A higher exchange rate than the union one will extinguish interest in the republic market from its side, and a lower exchange rate will stimulate this interest. The union republic is interested in an exchange rate which will provide for balance of commodity exchange with other regions. But another problem arises here. In addition to defending its own interests in interrepublic commodity exchange, the republic must defend the interests of its investors. Their investment should not in

any way suffer with the financial exchanges. On the contrary, the introduction of republic money should protect the investments from excessive pressure of emission “incomes.”

The exchange rate between the unionwide ruble and the money of the union republic should be determined by mutual agreement. It is important for this agreement to be flexible. The exchange rate must be constantly adjusted primarily on demand of one of the parties which has an active trade balance. This system of currency agreements among union republics creates a situation whereby all republics, as opposed to the current situation, will be interested in more exports to the places where the influence of the Soviet ruble extends. This means intensification of commodity exchange among regions and we are striving for this. Thus republic money will be not a means of division of the republics and their isolation but, conversely, through trade ties they will bring the republics closer together.

In practice this means that the all-union ruble will be exchanged in banks and savings institutions for the currency of the union republic at the republic currency exchange rate. The all-union ruble can also be accepted in the banks of the large trade organizations.

The mutual convertibility of the two currencies will facilitate commodity exchange and personal contacts and will eliminate the formal difficulties on the path to the development of tourism. Subsequently, when along with the changeover to cost accounting all union republics will be using their own currencies, the all-union currency, the ruble, can become a universal means of economic ties among the union republics similar to the dollar on the international market.

This course of affairs can in the future lead to a situation where, having reached a higher level of development and having removed “surplus” rubles from circulation, the union republics will be able to return to a unified currency (including possibly the ruble) for domestic commodity exchange. But then it will be on a different basis, taking into account the interests of all republics.

INTRODUCTION OF NEW TECHNOLOGY

Goskomtsen Deputy Chairman on Pricing New Equipment

18200032 Moscow *PLANOVOYE KHOZYAYSTVO* in Russian No 9, Sep 88 (signed to press 24 Aug 88) pp 64-72

[Article by L. Rozenova, deputy chairman of USSR Goskomtsen: "Scientific-Technical Progress and Pricing"]

[Text] Lenin's words were never so relevant as today to the effect that "he will win out who has the greatest technology, organization, discipline, and the best machines."¹ Technical progress and the term "better machines" are dynamic criteria. Economic efficiency and their relation to world achievements have now become the terms in which they are measured. Only reliance on science makes it possible to perform these tasks and to create new generations of highly efficient and competitive equipment.

There is no doubt that the growth rates of scientific explorations must be higher than the growth rates of their practical application in the economy. At the same time, it is an exceedingly important task to speed up the embodiment of scientific and experimental developments in actual fabrications. Only with this approach will the new technology accepted for production be able to meet or exceed in its technical level the best world achievements.

The introduction of negotiated prices for the scientific-technical product, which took effect beginning in 1987, and the related enhancement of the role and responsibility of both client and developer for its technical level, competitiveness, and efficiency and for reduction of the time and cost of creating new equipment, processes, and materials were aimed at achievement of high final results. The conversion of scientific organizations to cost accounting and self-financing will help to strengthen their economic motivation to raise the efficiency and innovativeness of technical designs.

It is especially urgent to work out specific recommendations for the determination of contract prices in connection with improvement of cost accounting (*khozyaystvennyy raschet*) in scientific organizations. Here, the essential thing is to select approaches to pricing so that the price motivates organizations which design equipment and processes to operate efficiently and motivates consumers to apply what they have produced. The introduction of contract prices for the end product of the activity of NII's, which is recognized as a commodity (research, design, mechanical engineering, and process engineering jobs and services), means that the product possesses use value and the relation between science and

production takes the form of a "purchase-sale" transaction. The economic benefit from developing and applying the scientific-technical product serves as the quantitative measure of use value.

Accordingly, the prices of the scientific-technical product are also determined as a function of its efficiency and quality. At the same time, its economic benefit and the sphere in which the latter is received depend on the type of development and the specific way in which it is used. For instance, the benefit from applying and creating a new process may be realized by the customer himself (purchaser). In this case, the contract price is set in terms of the share of the scientific organization in the total benefit from such developments, i.e., the price depends directly on the size of the economic benefit received in connection with applying the new process.

But if developments of new designs of machines and equipment are in question, then when they are used by those who had them developed, they afford a benefit only in the next sphere of application of the new equipment thanks to improvement of its performance characteristics. As a rule, the actual purchaser of the design incurs additional costs in manufacturing products which represent new design developments with a higher technical level and quality. In other words, realization of the benefit is separated in time from the "purchase-sale" transaction involving the design development.

It is equally complicated to take the benefit into account in the contract price when new structural materials are being created because the benefit from their application may be still more remote in terms of stages of production. The benefit emerges directly during operation of the new equipment manufactured using the materials newly put into production.

Since it is complicated to register in contract prices the real benefit that is removed in time over the stages of development, production, and application of the scientific-technical product, some economists propose renouncing methods of determining them which are based on the economic benefit and switching to a structure of the contract price based on costs (estimates) to which profit is added in the established proportion. In our view, this detracts from the responsibility and motivation of R&D organizations to increase the efficiency of their developments and to obtain high end results at the lowest cost. After all, intensification of scientific activity is a very urgent problem at present.

Developers and customers should apply much higher standards to the substantiation of the size of the economic benefit from the scientific-technical progress and to methods of predicting it. The customer is taking a certain risk when he pays for its calculated size in the contract price, since that calculated value could differ substantially from the actual benefit of the new product

when it has been put into production using the new developments. But the contract may envisage conditions of mutual responsibility for attainment of the agreed benefit.

The customer, who is manufacturing a product on the basis of new developments must prove its efficiency to the consumer when contract prices are being negotiated and must as a minimum offset his costs, including the expenditures to acquire the design.

As shown by the experience of a number of branches, the greatest effectiveness in terms of obtaining a real savings may be assured by long-term direct relations with developers in which the fullest use is made of their scientific-technical potential and the integration of science with production is reinforced. The main thing now is to speed up the process from the idea to manufacture of the product along the entire chain: applied science—experimental design and development—installation of the new process or organization of the production of the new equipment—and application. There is no question that the use of contract prices determined according to the efficiency of the development is aimed at performing the task of speeding up the application of scientific results. These prices must become widespread, above all in that segment of applied science that is oriented toward the economy.

What economic mechanism combines development of new products with improvement of their performance characteristics? For a long time the creation of new machines and equipment in the USSR has involved setting the maximum level of limit prices so as to take into account the change in performance characteristics and quality. Technical-and-economic substantiation of development of new equipment is the initial stage of its design. This verification of design features so as to take into account their economic efficiency is an indispensable condition for developing a new product and putting it into production in all the advanced countries of the world.

In undertaking to design and develop new products the departments and laboratories of concerns and firms as a rule obtain an assignment to create a new product which has definite technical-and-economic parameters and a set price. Setting the price is influenced by the potential demand for the new product and by the benefit which the consumer can realize in using it. The developer tries to "fit" the production costs into that price at the intended (in view of demand) volume of output and to obtain sufficient profit. When the objective is set this way, the search for progressive design features and development of economical technology are indispensable.

NII's, KB's, and enterprises in our own industry face the same tasks. The strategy of acceleration signifies not only acceleration of the process of creating new technology and putting it into production, but above all raising its

technical level and efficiency at the lowest cost. As experience has shown, as much as 80-85 percent of costs are incurred in designing new products and selecting the technology for their production. It is in these stages of the creation of new equipment that its size, the materials used, the processing methods, and so on, are determined. The other 15-20 percent of costs may vary in the actual production process itself. In other words, most of the costs are incurred in the design phase of new equipment.

Recently, an energetic effort has been made to strengthen the role of prices in creating economical models of machines that guarantee a high benefit during use and a higher profit in production. Contract prices for scientific-technical developments that conform to their efficiency and the transition to a new price model will help to solve this problem. The fundamental thing about the new model that makes it distinctive is that it is not the sum of costs and profit that determines the price, but, the other way about, the price, calculated as a portion of the useful benefit from improvement of the product's performance characteristics, that influences the level of that sum.

The price's direct dependence on improvement of the product's performance characteristics does not mean that it takes into account only the usefulness of things, while costs are ignored. It would be incorrect to suppose that the social value of machines and equipment is determined by the conditions of their application. The economic basis of the price has been and remains the socially necessary expenditures to produce the product. In Marxist-Leninist theory the price has no other economic content.

The magnitude of the value of commodities, as is well-known, is determined by the quantity of labor embodied in them; and this is characterized by the socially necessary worktime. Going a step further, "the socially necessary worktime is that worktime which is required to manufacture a particular use value under the existing socially normal conditions of production and at the level of skill and intensiveness of labor that is the average in the given society."²

Every customer evaluates the use value of machines and equipment above all from the standpoint of meeting his own need and in view of the technical-and-economic parameters and quality of that equipment. At the same time, the totality of the performance characteristics cannot be measured in physical units (tons, meters, pieces, etc.). The price can be compared to the performance characteristics only in value form: in particular, when they are expressed in the form of the useful benefit. By the useful benefit we mean the estimated value of changes in the performance characteristics of the new product taken altogether.

Two standards have been established for determining wholesale prices in view of the average relations between costs and results that have taken shape in practice in

recent years: 0.3 as the guaranteed portion of the useful benefit that is redistributed to the consumer, and 0.7, which goes to the manufacturer. This will make it possible to establish more rigid linkage between the additional costs and the improvement of the new equipment's performance characteristics. The social usefulness of any unit of machines and equipment should figure as the economic criterion of the additional costs.

The only costs which are given social recognition through the price are those whose level corresponds to the established standard, which reflects the socially normal conditions of production. Higher manufacturing costs, exceeding prices adjusted so as to take into account performance characteristics and a portion of the useful benefit, cannot serve as the basis for setting them at a higher level. This guarantees the consumer a benefit thanks to the reduction of unit costs during operation of the new technology and establishes an upper limit on the price for the producer.

At the same time, the temporarily higher costs related to putting new equipment into production (the costs of preparation and organization of production, the introduction of progressive technological processes, etc.), are compensated from other sources, in particular from the fund for development of production, science, and technology. By their economic nature expenditures to put a new product into production are a portion of the socially necessary expenditures and are therefore subject to reimbursement from social funds formed by branches and in enterprises.

Scientific-technical progress is speeding up the period of obsolescence and replacement of generations of machines and machinery. In order to remain at the level of present-day requirements, the product has to be constantly improved and updated, without waiting for obsolescence. Since products for production and technical purposes are still being updated at a slow pace, additional steps have been taken to strengthen the economic pressure which prices exert toward prompt removal of outdated products from production and their replacement by more efficient products.

The new pricing principles envisage that in calculation of the useful benefit of new technology, the price of the latter is adjusted by applying the coefficient 0.9 to the base price, this coefficient taking into account its obsolescence over the period that the new product is developed and put into production. This coefficient stands in the way of organizing the production of equipment with low efficiency.

The transition to improved methods of determining wholesale prices makes it possible for their levels to take into account the efficiency of the production and application of new equipment and to abandon the practice of establishing incentive supplements to wholesale prices with temporary validity and a special distribution procedure, especially since in the context of self-financing

there is a uniform normative approach to distribution of profit realized. The new procedure instills a motivation first of all to create highly efficient equipment at the lowest cost for retooling the economy.

In connection with democratization of the pricing process, as of 1 January of this year the rights of enterprises and associations were essentially broadened with respect to setting contract prices for a new product during the period before its production is brought up to rated capacity. But setting prices by agreement between the parties does not mean that they can be determined on the principle of "whoever is stronger" or that they can depend on the manufacturer's dictate. A uniform technology and the established standards are used in arriving at contract prices. First, in the machinebuilding sector they apply only to new machines and equipment on a list defined by the USSR State Committee for Prices. The list includes highly efficient and as a rule end-use products (waste-heat boilers, machining centers, machine tools and forging and pressing equipment with NPC, rotary lines, etc.). Second, contract prices are set for a definite period of time—not to exceed 2 years, after which the wholesale prices are included in the price list. And third, according to a uniform methodology that puts a limit on their maximum level, so as to guarantee efficient application of the new equipment because its useful benefit has increased faster than its price.

The 2-year validity is interlinked with intervals for product certification. The present certification procedure provides that the technical level and quality of new technology are evaluated according to the results of its use over a period of 1-2 years and the consumer's conclusion concerning the actual indicators of performance. After the end of the validity of the contract prices, list prices will be linked to the results of product certification in the superior-quality category, and deductions are applied if the products are evaluated in the first-quality category. What is more, the use of contract prices will make it possible to improve the objectivity of the verification of the real benefit to the consumer of the new technology on the basis of results of its operation over a period of 2 years and also the manufacturer's production costs.

Most of the criticism of pricing has been related to the hiking up of the economic benefit and the consumer's low level of responsibility for the benefit agreed to. The new approach to pricing we have been discussing and the broad introduction of contract prices make the consumer (customer) more responsible for the soundness of calculations, since the price level will depend directly on the size of the useful benefit.

Up until 1988 contract prices were applied to a limited range of single-or special-purpose products. A check showed that there was a fixed pattern in operation: if the product's actual profitability did not depart from the standard, it was considered substantiated. But this cost approach must not be applied in analyzing justifiability.

In the new price model its level would depend solely on improvement of the product's performance characteristics, and no restrictions on the profitability of production would be envisaged. If the new equipment is highly efficient in operation (taking into account reduction of its materials intensiveness and labor intensiveness) and if it has been manufactured at the lowest cost, then the profit realized in its production may be substantially higher than the standard.

On the whole, additional measures to improve and democratize pricing are aimed at a radical change in the customer's role in this process and toward creating more favorable economic conditions for enterprises putting into production new generations of technology.

The broad introduction of contract prices has given an edge to the question of utilization of new technology. In the economics literature there has not been enough treatment of the use of machines and equipment, even though their economic efficiency largely depends on operating conditions. In many sectors the use of equipment is extremely inefficient. For instance, according to figures of the USSR People's Control Committee, at enterprises of the electrical equipment industry highly productive machining centers are not fully loaded; some of them are simply standing idle. At many enterprises of Minselkhoz mash and Minenergomash the shift coefficient for the operation of machine tools with NPC is less than 1.

Organizing the production of a scientific-intensive product involves a substantial rise in its production cost. This is a process that has justified itself in all the advanced countries of the world. Putting the most recent technology into production is the most economical strategy of technical progress, and it is important that our domestic machines and equipment not fall short of the best world standards, but attain a higher technical level and quality.

If the average wholesale price of a universal metal-cutting machine tool is 5,000-10,000 rubles, then a machine tool with NPC will be 65,000-80,000, and that of a machining center 120,000-200,000 rubles. Given this relationship in wholesale prices, every hour of downtime of a machining center costs the customer tenfold more than an ordinary universal machine tool, and present-day equipment, which is more expensive, is utilized efficiently when it operates on 2-2.5 shifts.

The consumer bears practically no economic liability for underloading equipment. For example, even though the stock of mine transport equipment has been replenished with highly productive machines with a large capacity, at a number of enterprises of USSR Mintsvetmet their output has dropped in recent years because of the extremely unsatisfactory utilization. The question arises: Who is responsible for the fact that the raw materials,

supplies, components, and intermediate products and the work of designers, process engineers, and workers expended to create that equipment are not bringing society a return?

The new procedure for financing capital investments will help to increase the efficiency of utilization of machines and equipment. In the context of full cost accounting and self-support the principal source for financing outlays for reconstruction and retooling of production will be the enterprise's profit. It will be disadvantageous for it to acquire expensive equipment with those resources and then to let it sit idle.

At the present time, the problem of efficient use of equipment has become particularly acute. Our country possesses an immense stock of machines and machinery. Economists have calculated that a rise of just 1 percentage point in the efficiency of utilization of fixed productive capital would yield an annual saving of about 10 billion rubles. In addition to increasing the shift coefficient of the operation of equipment, a set of measures must also be drafted to improve the load on it during the shift. Downtime lasting less than a shift and related to shortcomings in the organization of production, the absence of supplies, parts, and tools, or unscheduled repairs also detract from the efficiency of operation of the stock of machines.

In a number of cases the technical capabilities of machines are underutilized because the machines are not used in an integrated way. For instance, the PO "Ivtekmash" has since 1983 been manufacturing the highly productive Model AKD-2 machines for dyeing cotton thread, wool fiber, and ribbon, but the new dryers that are supposed to work with those machines have so far not been put into production. Consequently, at a number of factories the anticipated benefit was not achieved, but rather there were additional costs because of introduction of the laborious manual operation of moving the spools. But what is surprising is that neither light industry nor the machinebuilding industry is really alarmed by this situation. In 1986 the consumer confirmed the wisdom of awarding the Quality Emblem to the dyeing machines (which in themselves deserve a high opinion), but he did not demand faster organization of the production of the up-to-date dryers essential to obtaining a return from the new dyeing machines. Quite often, when equipment is not used for its particular purpose, it is the customer's fault that the efficiency of the new equipment is not achieved.

Raising the efficiency of machines and equipment is being held back by the existence of above-allowance stocks of installed equipment and also equipment that has been delivered for installation, but has not been put into operation. The low rates of attainment of capacity, when so-called new construction projects fail for years to reach the rated volume of output, have an extremely adverse effect on the efficiency of new technology.

Thus, the efficiency of machines and equipment should be managed through all the stages of their life cycle: design—production—application. The income of design and development organizations and of enterprises manufacturing and consuming them depends on the kind of costs and results that occur in each of these stages.

In the context of cost accounting and self-financing the problem of the product's profitability and of guaranteeing optimum stability and flexibility of prices is becoming particularly acute. The establishment of contract prices and changing the level at which they are included in the price list so as to take into account the actual benefit from applying the product will make them more flexible. Combining price stability and price mobility (in the interval between general revisions), i.e., combining their planning and record-keeping functions and their function as an incentive, has always been a complicated issue in pricing. On the one hand stability guarantees the robustness of plans, while on the other effectiveness in applying prices as a value lever to stimulate technical progress is incompatible with their remaining unchanged for a lengthy period of time, especially in the context of self-financing.

High profitability of products put into production in the past must not hold back new developments. It is intolerable for the real income of work collectives to be safeguarded thanks to products put into production earlier. Contract prices in effect for no more than 2 years motivate the manufacturer to update products and to improve their technical level and quality.

Until recently no complete solution was provided for the problem of prompt updating of prices and price flexibility. So-called stepped prices, prices reduced only for the manufacturer, price deductions, etc., have had limited application, since they involved recomputation of planning targets. Price review involved a laborious effort to make adjustments in plans on the basis of balance sums of the change in the manufacturer's proceeds and the saving (or additional costs) to the consumer.

In our view, price changes should be "emancipated" from mandatory adjustments of planning targets. If high profitability of an old product has been keeping new machines and machinery from being put into production, it would be advisable to lower their prices without adjustments of the plan and to correspondingly guarantee the economic profitability of the enterprise in producing the most up-to-date technology. Possibly, the maximum profitability will have to be determined for certain product groups at the end of their period before obsolescence when that profitability is reached, prices would be dropped, and this would not be taken into account in the plan.

The state order was incorporated into planning practice as of 1 January 1988; it envisages a direct order to production associations and enterprises to manufacture the most important products to meet the paramount needs of society. There have to be economic incentives to manufacture products over and above the assignments

contained in the state order, especially those products which are very scarce. Wholesale prices have a large role to play in the performance of this task.

The USSR Law on the State Enterprise grants production collectives the right to independently dispose of products manufactured over and above the plan as well as products which have been refused by consumers or material and technical supply authorities that concluded a contract for their delivery. Enterprises would do this themselves exclusively at the wholesale prices in effect. On behalf of state regulation of product deliveries in the context of the development of wholesale trade in means of production, commercial prices are being set on products which, though not new, are scarce and are manufactured over and above the state order.

The additional profit realized in the production of such products will on the one hand give the manufacturer greater motivation to increase their output, while on the other it will offer an opportunity for consumers who have additional resources they have earned to "turn them into commodities" through the trade in scarce products bypassing the system of allocations of stocks, which they would use for retooling and reconstruction. In addition, the application of higher prices will promote conservation of scarce resources and their optimum utilization. Regional authorities of USSR Gosstab have been granted exclusive right to apply the commercial prices.

As is well-known, enterprises in a number of branches will now receive their supply of materials and equipment through wholesale trade. Scientific research, project planning and design, and process engineering organizations have also made the transition to this progressive form of service; their prompt supply of various materials, instruments, components, and other products (though in small quantities) has great importance, especially in preparing the production of experimental prototypes and the first production runs of new equipment. As wholesale trade expands, prices must also be made more flexible.

Wholesale trade, especially in those products which are in balance, will make it possible to bring the volume of their production up to the level of the economy's actual need and liberate additional production resources as well as enterprise capacity to manufacture those products for which the need has not been fully met. In this case, price flexibility must operate so that if production of certain products is excessive at present price levels, then the prices of those products must drop, without this being taken into account in the plan and without the adjustment of economic norms. The loss of profit must be compensated to manufacturing enterprises by virtue of the increased output of scarce products and from the additional income obtained in putting highly efficient new products into production. The reduction of prices of products for which there is no shortage will help to improve the structure of production and to make the economy healthier.

The introduction of contract prices and commercial prices and the reduction of prices of outdated products will make prices more flexible. Thus, optimum pricing flexibility is one of the most important factors influencing the motivation of enterprises to update products, to raise the product's technical level, quality, and efficiency, and also to improve the production structure so as to take into account the needs of society. If prices should in fact be left unchanged for a long time, then they will inevitably become outdated and instead of an economic incentive for scientific-technical progress, they may become a brake upon it.

The change in the actual profitability of products is not the only sign that prices have become out-of-date. Certain calculated elements in their original structure become "old," there are changes in the socially necessary costs, in the capital intensiveness of products, and these changes moreover occur at unequal rates.

Experience shows that it is not possible to solve all these problems in the process of current pricing. Mere adoption of partial changes cannot essentially reduce prices, nor can it improve their relations for individual groups and products. What is more, when sizable adjustments are made in the current wholesale prices, a danger arises of disrupting correct price relations of certain models of products of the same type or products belonging to a single parametric series.

That is why improvement of the price system is possible only with a blanket revision. The main principles of the radical restructuring of management of the economy adopted by the June (1987) Plenum of the CPSU Central Committee outlined a radical reform of pricing during which all types of prices and rate schedules must be reviewed in an integrated fashion. Prices must be turned into an effective instrument for increasing the efficiency of social production, for developing economic methods of management, and for deepening cost accounting and self-financing. They must be the economic foundation for the restructuring of management of the economy.

Price reform is one of the key problems in radical improvement of the economic mechanism; the results of the economic methods of centralized guidance, acceleration of scientific-technical progress, and increasing the efficiency of social production depend to a definite degree on how it is solved. The fundamental feature that distinguishes this reform is the interlinked change of wholesale prices, purchase prices, retail prices, and rate schedules as a unified whole. This must result in the creation of a qualitatively new price system.

The main directions of the restructuring of pricing follow from the requirement that prices consistently reflect the socially necessary expenditures of labor to produce and sell the product and its performance characteristics and efficiency, fuller appreciation of the charge on labor resources and natural resources, and also outlays for environmental protection. The price system must by its nature be a cost-fighting system, must become an objective standard by

which to measure costs and results of economic activity, and must create economically sound conditions for increasing the effectiveness and intensifying cost accounting and self-financing in all sectors of the economy. The new wholesale prices and rate schedules in the industrial sector are to be put into effect as of 1 January 1990.

A most important stage of the reform is to improve wholesale prices of the products of machinebuilding. Since many machines, equipment, and instruments do not have productivity, reliability, precision, and materials intensiveness to meet the progressive achievements of science and technology, are uncompetitive, the prices of this technology must be reduced or maintained at the present level in spite of the higher cost of raw materials, supplies, fuel and energy, as well as the adoption of new and higher rate schedules of deductions for social insurance. These "strained" prices must promote removal of outdated products from production and must clear the way for new technology, whose prices will take into account the benefit from their application.

Consumers have filed particularly significant reproaches concerning the quality and reliability of agricultural equipment. When wholesale prices of this equipment are revised, it is a most important task to evaluate the real performance characteristics and to maintain the price level; performance of that task must contribute to equivalent exchange between industrial products and agricultural products.

The main direction in improving wholesale prices of machines and equipment is to construct them as a function of the equipment's performance characteristics and quality. At the same time, the use of standard value estimates of the product's parameters and of price relations based on its performance characteristics makes the issue of differing rates of product profitability more acute. If we get away from recording individual costs and if the price objectively reflects the technical level and quality of the product, enterprises manufacturing outdated equipment will experience losses of profit (cost-accounting income), wages, and social benefits. According to calculations of USSR Goskomtsen, the share of products with low profitability, which are produced at a loss, products whose production costs are not in line with their quality, will increase 20-30 percent when the new wholesale prices are put into effect.

It is an indispensable measure to develop and adopt a new price system for the products of machinebuilding, a measure that will help to perform the tasks of accelerating scientific-technical progress.

Footnotes

1. V.I. Lenin, "Poln. sobr. soch." [Complete Works], Vol 36, p 116.

2. K. Marx and F. Engels, "Soch." [Works], Vol 23, p 47.

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AGRO-ECONOMICS, POLICY, ORGANIZATION

VASKhNIL's Nikonov Replies to Critiques of Leasing System

18240009a Moscow IZVESTIYA in Russian
1 Oct 88 p 2

[Interview with VASKhNIL president A. Nikonov by Ye. Manucharova: "The Independence of the Leaseholder"]

[Text] [Manucharova] Aleksandr Aleksandrovich, during my trip with you around the farms I saw you looking for the leaseholders in each of them. Why? Are leasing relations not advantageous for the countryside?

[Nikonov] I believe that the issue is more complicated than a straight-line ruble advantage. Certainly the potential leaseholders are in no hurry, first and foremost it is the farm managers who are not hurrying. They understand that leasing will leave many people with nothing to do. And there are idlers (being paid) both among vehicle operators and among the specialists acting as overseers, supply people and clerks. And also among the leaders, who have become accustomed to command but are unable to direct. The more so under today's conditions, under democracy, cost accounting and enhanced responsibility, while in leasing the responsibility rests with both parties.

Some leaders assert that their farms are flourishing without leasing. I agree, there are such farms. But can all farms really reach those heights?

I think that the fear, whether or not justified, of serious leaseholders in competition and interested in even greater success has become a barrier.

However, it is not proper to repeat rumors about this. Other accusations are being made against leaseholders: they will not, so it is said, care for the land, will take the "cream," abandon the land after a year, and "damage" their tract with pesticides. This misgiving may be giving rise to some fear. But something else is stronger, they fear to lose their monopoly. The main thing is that even "sick" farms can still get by without developing leasing. They are in no hurry, they receive subsidies and they have no fear of being liquidated. But it is also inevitable that they will have to make haste, but they are not yet able to see this. So they sit on their land like a "dog in hay."

Previously it was easier for them. The authorities always issued the necessary advice, such as "thrash the plants for the poor harvest," as one of Platonov's heroes put it. There were also strong threats: "If you do not fulfill the plan then..." Everyone was led about by the nose, and a generation of people who did things without thinking was reared. The peasant is still in no hurry. When things were otherwise the peasant could set up a deal with the

farm manager and receive support from the soviets. But no real attraction to the land is seen, and this is an alarming indicator of how much attitudes toward labor and property have been distorted at all levels in our society.

The level of claims of the individual has fallen sharply. Absence of personal responsibility, apathy, leveling, lack of responsibility and indifference have run deep and they cannot be quickly overcome.

The new movement is only just starting, and the person called a leaseholder is in reality far from being one.

There are party documents on the development of leasing relations. In August the State Agro-Industrial Committee recommendations came out. However, it would be naive to suggest that one document can bring both the local authorities and public opinion round to leasing. The main thing is that the new form of leasing and the existing economic mechanism and the system of planning, management and accountability are not adapted to one another, and our recommendations cannot untie these knots. Leasing relations must be regulated by special legislation—land legislation, economic legislation, civil legislation.

[Manucharova] Legislation is a thing of the future, but the leaseholder must live now. According to the recommendations that we were talking about, he has a right only to the excess profit that must be earned by excess labor.

[Nikonov] And it is here that we see today's sharp conflict of interests. The provisions consider primarily the advantages for the farm but not the other party.

Leaseholders are still powerless against the kolkhozes and sovkhoses and departments and those on whom they depend.

The fact is that the recommendations are the result of creativity by people with differing views. There was no unity when they were set up and most people were afraid of infringing on the interests of the kolkhozes and sovkhoses but not the leaseholder. For example, he—the leaseholder—must pay substantial sums that make it possible to retain managerial personnel at the kolkhozes and sovkhoses, and specialists, regardless of whether or not their services are used or of what quality those services may be.

But let us be fair: the farms are the parties that carry the costs from which the leaseholder is freed. For example, they build the schools, polyclinics and hospitals, not the leaseholder. But he will use them.

Work to improve the recommendations continues, and both scientists and practical people are being involved in this. We have been forced to admit that the existing recommendations are imperfect.

It is not coincidence that from all sides we are hearing reproaches against the science of economics. For some theoreticians it is difficult to break with the moss-covered stereotypes. There are also opponents of leasing relations within VASKhNIL. Sharp debates are taking place behind our desks. But life makes the corrections and convinces us that the leaseholder must be set on an equal footing with the kolkhozes and sovkhozes before the law and must obtain the same kind of average profit. Privileges (substantial at that!) must be offered to the leaseholders by the "sick farms" on worthless land.

Practice, however, shows that the farms can put a noose around the neck of the leaseholder and choke him. We know of more than one case in which leaseholders are being strangled, humiliated, and forced to endure many trials. Therefore, provisions are being made in the contracts for deliberately unacceptable conditions. And all of this is done under the pretext of safeguarding the interests of the state and public property against any kind of feeble attempts to "erode" it.

The documents now existing do not guarantee the leaseholder the time for which he will be in charge of the land. At any time (with 2 months' notice) the farm can cancel the contract with him. So we declare a property lease as 50 years, but in fact show that the leaseholder is a time-server whom we do not trust.

This is seriously hampering the transfer to leasing, and it is also generating a lack of belief in the irreversibility of the present course of agrarian policy. For people have good memories for the bad things. They also remember the methods of collectivization and the tax press on every apple tree and the enforced curtailment of private subsidiary farming. So might not this be repeated at the appointed hour?!

[Manucharova] We are now proposing that all the obstacles to leasing and contracts be removed. So will the kolkhoz-sovkhoz system remain?

[Nikonov] Do not worry about that. The kolkhoz and sovkhoz are just one form of socialist enterprise, and product relations in them are defined by the relations reigning in society in general. The kolkhoz can be a barracks with disenfranchised executors, and even executors without passports, as it was in Stalin's time. But it can also be a cooperative of independent leasehold collectives or families that themselves rightly make the decisions and carry real economic and legal responsibility. This will be the "order of civilized cooperative workers" that V.I. Lenin dreamed of.

Leasing is not a hindrance or alternative to the kolkhozes and sovkhozes. And in general the small unit (the family or small-group collective) is only a structural cell in large-scale production in cost accounting.

Moreover, the kolkhoz and the sovkhoz do not exhaust all the variety of socialist forms of farming even though since the Thirties the right of citizenship has been afforded only to those forms and (in extremely miserly scale) to private subsidiary farms. But now there can and must be small agricultural cooperatives, independent leasehold farms, and one-man family farms. This kind of very broad organizational pluralism is needed in the country.

[Manucharova] You have drawn a picture that is very complicated and similar to the multiple structure farming during NEP [the New Economic Policy adopted in 1921—ed]. Does science have accurate and objective data on its great efficiency?

[Nikonov] It does. There is no doubt that from 1921 to 1928 average annual growth rates in agricultural production exceeded 10 percent. This is a brilliant indicator of success that followed after the dreadful dislocation and disruption of war communism.

Now it seems to some people that we simply have to return to NEP, not improving upon it, but simply reproducing it. It happens that when references are made to that period the desired conclusions are selected as facts, however, they are not corroborated.

Thus, one economist recently published figures on the meat market during the Twenties: in 1927 some 67 to 73 kilograms of meat were supposedly available for each person living in all the cities, together with 48 to 56 kilograms for those in the countryside. This not not even counting offal and fat.

However, in scientific studies and official Central Statistical Administration publications for 1928-1932 show other figures for per capita meat consumption in 1927: from 18.7 to 40.1 kilograms in the countryside (where more than 80 percent of the country's entire population then lived), and from 46.3 to 63.2 kilograms in the cities. Moreover, in 1927 various regions and social strata in the cities and countryside were studied and figures derived for individual months and extrapolated for the year. But nowhere are there figures showing a consumption level of 70 kilograms. Per capita meat production was 30 kilograms in 1927. By that time we had only regained the indicators for 1913 when the country had not yet been ravaged by war. The national diet contained little milk, eggs, fish, fruit and vegetables.

Or take another example. It has been asserted that following the transfer to the tax in kind on foodstuffs during the Twenties the country immediately became so wealthy that it could export grain to the world market. Yes, we did export grain during the Twenties. But not from an excess. In that same 1927 total per capita grain production was 486 kilograms, half went to feed people. In order to avoid being crushed the country went hungry, selling grain (the most important product in our diet) and at the same time purchased machines.

[Manucharova] So someone has confused the figures. Is this really so important?

[Nikonov] Yes it is. We must not be ensnared by illusions and promises of easy success. Yes, it is very bad that we cut short NEP and abandoned it, and now we are importing grain and producing little meat. However it must not be thought that we can be helped by some magic wand. We wave it and repeat NEP and lo! prosperity is here and we are exporting wheat. No, we are now on a new spiral of social development with all its pluses and minuses, with growing volumes and more acute problems.

In order to realize any economic model (even the most advantageous) there must be social forces really interested in this. If you like, social strata with definite interests. We have many people who have recognized that one urgent interest for them is real cost accounting, leasing and other economic management methods.

Instilling this kind of awareness takes time. Historical analysis of serious processes of the facts must not be oversimplified, it is essential to see the whole picture dynamically.

[Manucharova] But perhaps you are totally against any NEP-type road and do not believe in the triumph of market relations?

[Nikonov] I am in favor of learning from past successes and mistakes. NEP was a wonderful school of attitudes toward the peasantry, the unleashing of initiative, and market relations.

The thought behind today's organizational pluralism is the same: more competition and rivalry and socialist initiative. There is no need to idolize the form; what counts is the content.

Rural workers themselves can and must choose the form for the organization of production. And they themselves are capable of promoting their own leaders to manage things successfully. The peasant has no need of some alien will or command cadres "on the side"; Aleksandr Vasilyevich Chayanov has written about this and he knew the peasant world well.

In my view, there can be no successful perestroika in agriculture if we do not guarantee independence for the peasant.

[Manucharova] But how can this be done? Today he is in no way isolated from management echelons and the command system. He has become accustomed to this. During NEP this would have been perceived as absurd. Tell us, is not the experience of those years useful, when the peasants enjoyed the services of the cooperative societies—virtually all kinds of services—on a direct contractual basis?

[Nikonov] Extremely useful. However, regardless of what we might want, we must not repeat NEP "one for one." But I agree with you: never forget one true principle, namely, those providing supplies for the peasants must work "from the land" and operate according to the orders from the master of the land. This applies to land improvement workers, suppliers, and machine builders. In particular the peasants are suffering seriously from shortages of compact equipment.

Up to now we have been talking quite pessimistically with you about the potentials of leasing: no one wants to take risks, the level of expectation is low, people have forgotten how to really work... But people who become leaseholders also evoke a feeling of respect and optimism. The level of expectation is rising. It is particularly important that their exactingness toward science is growing. Our academy is receiving inquiries about new intensive technologies, highly productive plant varieties and animal breeds, and economic forecasts.

We are starting this work with great interest, regarding it as a very important direction in perestroika in the provision of support for the agro-industrial complex.

As we develop the independence of the peasantry and raise the level of its expectations in life and labor we are asserting the right and strength of the master of the land, the peasantry in the classical meaning of the word.

The kolkhoz and the sovkhoz, the cooperative, the leasehold and private sectors need people who combine within themselves the functions of owner and worker, of leader and executor. If we have such people then there will be no question of whether or not the nation can feed itself from its own land.

I often recall that line of Mandelstam (a piercing line): "...the land resounds—the final weapon." Can and should mankind have a more powerful weapon in his struggle for life?

Measures To Improve Agricultural Management Structure Suggested

18240005 Moscow SOVETSKAYA ROSSIYA in Russian 25 Sep 88 p 3

[Article by A. Kopylov, first deputy chairman of the Novomoskovskoye Agro-Industrial Association, candidate in economic sciences, and D. Pismennaya, doctor of Economic Sciences, professor, head of the Department for the Scientific Research Institute of Economics, Labor and Administration of Agriculture: "More on the Redistribution of Power; A Few Disputable and Indisputable Thoughts on Today's and Tomorrow's Agricultural Administrative Structure"]

[Text] It has already been written and said quite loudly that one of the main hindrances preventing the shelves in our stores being filled with foodstuffs is bureaucracy in the administration of the agro-industrial complex. Also

well known is the amazing capacity of today's bureaucrats for time-serving, for mimicry. The numerous reorganizations of the agricultural administration bodies pass through our numerous bureaucratic offices and facilities every time, not as a heavy row to plow, but only as an easy ridge. One of us, about five years ago headed RAPO, and he himself was, so to speak, a bureaucrat to the core, and knows about the art of time-serving not only from other's words....

Our system of control, administration and direction of the country's agrarian complex has not yet rid itself of the bureaucratic-administrative heritage. It, as before, holds back the work of the kolkhozes and sovkhozes to a considerable extent.

Judge for yourself. The State Agro-Industrial Committee, together with Gosbank, The Ministry of Finance, the State Committee of the Council of Ministers on Labor and Wage Problems, and Gosplan, issued and have directed in the last few years, to the work places, hundreds and thousands of directives and instructions regulating the work of those who work directly on the land—the kolkhozes and sovkhozes. This abundant harvest of paper has been taken, so to speak, into their planting beds by the executors on republic, oblast, and rayon agricultural committees. That is, hundreds and thousands of people, and specialists of all ranks, engaged in very "creative" work—shoveling up directives. The essence of these directives is just one thing: to restrict the rights of the farmers and not to let the kolkhozes and sovkhozes out from under their control.

Let us look straight at the truth: There is not any other country in the world that is so powerful with respect to the size of the official personnel. Indeed, what country could maintain such a powerful army of parasites? Not long ago the Canadian Minister visited our village of Spasskoye. In a conversation with him it was revealed: in their ministry there are only about 80 people—four-fold fewer than in our oblagroprom. And after all, Canada not only feeds itself, but also sells a considerable amount of agricultural products abroad....

The time has come for our peasantry to free themselves decisively from the fetters of bureaucracy, and to become masters of their land with full rights. It is extremely gratifying that this process has already begun—we have in mind the creation of agro-industrial associations and the introduction of leasing, cooperative and other cost accounting relations.... Leasing and cost accounting relations pull the rug out from under the feet of the very large bureaucratic army in the rural areas that has found itself a soft spot at the kolkhozes and sovkhozes. Yesterday's executive workers, dependent on the administrator, sitting in the office, carrying out all his instructions, now, under the conditions of cost accounting and leasing, nearly always refuse the "services" of yesterday's commander and do not want to live and work by orders, will rebel.... The newspaper SOVETS-KAYA ROSSIYA in one of its publications, very justly

called this phenomenon "the redistribution of power." Indeed, power in the rural areas is passing to he who has, more than anyone, the right to it—the kolkhozniks and sovkhoz workers themselves, and this is socialistically right.

Can it really be this way, though: within the boundaries of the kolkhoz and sovkhoz, the power of those who work the land has crossed over these boundaries, and has gone to the rayon centers, or, let us say, to the oblast—and there, as in the old days, is the all-powerfulness of the bureaucrat.... Let us not return to those conditions.

In the present system of agricultural committees, carrying out essentially the same functions, at the rayon, the oblast and the republic level, that is the functions of control, administration and direction of the kolkhozes and sovkhozes, and other enterprises and organizations—the basic flaw in this very system is already laid: duplication and parallelism at all these levels. Meanwhile, the whole world operates on a different principle—dispersion, integration of agricultural production and processing, wholesale prices, that is, of everything that has been called upon to satisfy the most varied needs of the rural area. Instead of integration, we have the attempt of a mechanical combination of various sectors without the participation in this of the main acting force—the kolkhozes and sovkhozes. They, as before, remain for the numerous administrative hierarchy merely the object of administration.

This is the way it was in our Novomoskovskiy Rayon until the agro-industrial association was set up. For us there was the prospect of working out and putting into practice methods of transition from command to economic methods of management. The experiment brought to light several very important, key positions, without consideration of which, we are convinced, restructuring the administration of the agro-industrial complex would not achieve its goal....

The first and most important thing: the kolkhozes and sovkhozes should be the direct integrator of the agro-industrial production, and not only on the rayon level. After all, the interests of various sectors are tied up in agro-industrial production. Who can coordinate and unify their work and their efforts with the greatest benefit, optimal for society? In our opinion, only those who have the basic means of agricultural production—the land—and who are most interested in the greatest yield from each hectare. The kolkhozes and sovkhozes must be granted the priority right to determine the economic proportions of all the sectors equipped in the rural area. In this case, though, this right will be objectively directed toward the benefit of society, and not an individual department.

At the Novomoskovskoye Association, their role as integrators of the kolkhozes and sovkhozes is carried out through the cooperatives. It is the cooperatives who are

the basic subdivision here. For example, our APO [agro-industrial association] is nothing more than a union of cooperatives. They are most varied—for procurement, transport, storage, processing....

Here is something else of importance in principle: the cooperatives and the association itself do not have the right to intervene in the production-economic life of its "subjects"—the kolkhozes and sovkhozes. This is the main, decisive difference between our association and RAPO and the agricultural combines. Indeed, no one has the right to take upon themselves the liberty of taking away incomes and assets from the primary collectives. Not in any case and on no pretext—this is one of the guarantees of independence and democracy. Any program outlined within the framework of the association can be carried out only with permission, only according to the wishes of the kolkhozes and sovkhozes themselves. Not a single plan which does not meet the interests of the farms or a specific farm, will be financed or will be put into motion. This is understood—after all, the money for this plan will not be taken from the state's bottomless pocket.

In this, generally uncomplicated manner, the kolkhoz or sovkhoz in the system of the APO has come from an unequal formation to an independent and fully equal joint ownership association. All the participants in the cooperatives here have equal rights. Voluntarily, without administrative pressure, they can participate or not, in any joint venture—to the extent of their needs and interests. The higher organ of the agro-industrial association is an assembly of fully authorized representatives of the kolkhozes and sovkhozes: each kolkhoz and sovkhoz has its own representative on the APO board. The board has engaged a small administrative staff—31 persons. It is working out the economic and financial conditions for collaboration of the kolkhozes and sovkhozes. The staff, with the exception of its control inspectorate, does not have the right to intervene in the production-economic work of the kolkhozes and sovkhozes....

This system has made it possible to abolish superfluous administrative units and to eliminate work parallelism and duplication. At the kolkhozes and sovkhozes and in the cooperatives, 518 administrative workers have been cut back and 19 enterprises and 7 kolkhozes, which proved to be bankrupt, have been eliminated. Their lands and fixed capital passed to other farms. As a result, the expenditures for production administration and organization have been reduced by 27.3 percent. The gross agricultural output for last year increased by 4.5 percent over the preceding year. We now expect a more impressive growth—11.7 percent. We anticipate a profit increase of 8 million rubles. Last year gathered 36.5 quintals of grain from each hectare.

All this, however, is still on the rayon scale. Well, and let us say, on the scale of the oblast? of the republic? of the country?

In our opinion, the agro-industrial committees of the oblasts should be eliminated, just as RAPO was eliminated in our rayon. After all, it is precisely on the oblast level that the bureaucratic administrative system is manifested most actively with respect to the relationship with the rayons and individual specific farms. How, and the main thing, with what should the system that has rolled in with the years be replaced?

The path here, it would appear, is the same, it flows from our experiment and is a seeming continuation of it: the kolkhozes and sovkhozes, as enjoying full rights and sole interests in the development of agricultural production in the subdivision, should here too, themselves, and for themselves and for their successful work, create and form their own kind of oblast agro-industrial association. The assembly of the representatives of the kolkhozes and sovkhozes and the assembly of the representatives of the persons authorized by the kolkhozes and sovkhozes will become the higher organ of such an association. The farms will send here their own directors, specialists and advanced production workers. With the right of the decisive vote, the directors of the rayon associations will participate in the work, and with the right of a consultant—some directors of the cost accounting formations of the agro-industrial association of the oblast's kolkhozes and sovkhozes. This assembly will elect the board of the association amounting to 25-27 persons, and will also hire a small administrative staff: 70-80 persons. Its composition will be determined by a council of representatives of the kolkhozes and sovkhozes. The present uniformity will naturally be a thing of the past, it simply cannot be. We, for example, in Tula, would like to have a planning-accounting administration, our own cooperative bank, a control inspectorate and some other subdivisions. We will not give them the right to order and substitute kolkhozes and sovkhozes and the oblast administrative staff will be under the permanent control of the board of the association....

This is the main condition for the success of our reorganization: if the executive organs of the board and the assembly of the founders keep aloof and gain the upper hand over the social formations, very quickly everything will return to their circle, and we will again be in bureaucratic clutches—much stricter than before.

It would appear that the present administrative structure of the agro-industrial complex of the Russian Federation and perhaps, the country as well, have become obsolete. It proves to be a foreign body in the system of voluntary peasant associations, and will, in every way possible, hold back the formation, it cannot help but hold it back. We shall not pre-guess precisely the best way to transform our Russian State agro-industrial complexes, but there is no doubt about one thing: they should also be subject to the person democratically chosen for their council and for their board. It is no longer possible to give them present-day power, for after all it is obvious that they will not be able to turn it into something good

for the Food Program. Several decades of its almost unlimited dominance of the administrative system showed this quite convincingly.

It is impossible in a newspaper article to speak at great length of all the details of our plan. We have familiarized the responsible workers of the party oblast committee with it. Moscow also knows of our proposals.

The indisputable fact that the Novomoskovskoye APO, as well as other agro-industrial associations in the country, live and are developing successfully speaks for the vitality of the proposed mode. Many new agricultural formations of their type are being formed—agro-industrial associations, intrafarm and regional cooperatives... We are convinced—the future is for them.

RAPO Role in Restructuring Efforts Questioned
18240006a Moscow SOVETSKAYA ROSSIYA in Russian 22 Sep 88 p 1

[Article by Vladimir Mikhaylov: "Control in the Absence of Commands"]

[Text] "It is correct that all Russian farms have finally been converted over to self-support. They are no longer dependent for maintenance upon the state or leading farms. But the question is why the RAPO [rayon agroindustrial association] has been left untouched? Under the conditions imposed by complete cost accounting, it is being transformed into a parasitical appendage. Orders and instructions are being issued to all and yet nobody is being held materially responsible. Who needs irresponsible commands?" S. Omelchenko, Dimitrovgrad, Ulyanovsk Oblast.

In his evaluation of the operational style and methods of a RAPO, S. Omelchenko was not alone—today it is almost a common opinion. For example, here is some data obtained from an interrogation carried out among scientists. Roughly 67.5 percent of those who filled out the questionnaire stated that no changes took place coincidental with the appearance of the RAPO and 4.4 percent were convinced that it plays a negative role. We have already published a letter from the chairmen of five Gorkiy kolkhozes "We do not wish to feed somebody else's uncle" (28 July 1988): they rebelled against excessively inflated administrative expenditures and unjustifiably large centralized funds. During the July Plenum of the party's Central Committee, where a speech delivered by a resident of Gorkiy received unconditional support, it was stated directly: the present system for administering the agroindustrial complex has not produced any special results and is outdated. It is scarcely worth retaining it, but rather an extensive conversion should be carried out over to the voluntary creation by the kolkhozes and sovkhoses of joint administrative organs in place of the RAPO and to cooperative forms for providing production-technical and economic services for the farms.

The initial steps have already been taken in this direction and many rayons have eliminated their RAPO's. Included among those who have gone farther in this respect than others is first of all Vasilii Aleksandrovich Starodubtsev and his colleagues. Based upon the Novomoskovsk Agroindustrial Association created by them, purely cooperative principles were established. In the cooperatives which he consolidated, the so-called higher authority was transferred over to their councils and administrations, elected during meetings of the representatives of farms and enterprises of the agro-industrial complex. The councils define the tables of organization for the working administrative staff, allocate funds for its maintenance and select and assign personnel for the various positions. The upper echelons are thus formed by lower accountable echelons. And this changes a great deal—the orientation is changed: today a chief concern is to gain authority among those you administer and not among those who administer you. Certainly, there is no need for anyone to prove that under these conditions such considerations as knowledge, a business-like attitude, skill, competence, ability to conduct oneself properly and independence of reflection acquire immeasurably greater weight and become main and decisive factors. Naturally, the association's administrative staff declined by 40 percent, specifically by more than 500 individuals. For the very first time, the kolkhozes and sovkhoses became the masters of their service organizations. The association appears as a more efficient combination of a cost accounting contract and industrial technologies.

Many have been inspired by the impressive example set by the Novomoskovsk Agroindustrial Association. Approximately 50 such associations are already in operation in the Russian Federation. A number of rayons in Stavropol Kray and in Volgograd, Rostov and some other oblasts, where the RAPO staff organizations have been placed fully at the disposal of the public RAPO councils headed by experienced farm leaders, are proceeding in roughly the same direction while employing a somewhat different method. The administration is thus being replaced by self-government and this is raising immeasurably the authority of the administrative organ. The cooperative principles are being employed at higher levels: in this same Tula Oblast and in Lipetsk Oblast, the oblast agricultural committees are becoming hired staffs of the public councils, formed based upon the democratic method. The agro-industrial complex is gradually being transformed into a single multiple-element cooperative.

Today it would appear that the kolkhozes and sovkhoses are welcoming the democratization of administration. And yet the officials are strenuously resisting it. How can this resistance be broken? Is it sufficient to simply reorganize the RAPO and the agro-industrial committees in order to achieve the acceleration which we need?

Let us give some thought as to why they were unable to justify the RAPO's, upon which so many hopes rested. They clearly did not cope with the chief task that they

were intended to resolve: as a rule, they were unable to overcome the departmental separation of farms and enterprises included in the agro-industrial complex. The interrelationships of APK [agroindustrial complex] partners still resemble those of swans, crawfish and pike in a Krylov fable. And properly speaking, it could not be otherwise. The new tasks of a RAPO are being solved mainly by old administrative methods. Just as in the past, an order, instruction or planning task prevails over a contract, mutual material obligations, a well thought out system of mutual accounts and intra-departmental prices for raw materials, services and products.

The democratization of administration and its new forms, which have replaced the RAPO's, are by no means immediately eliminating the administrative methods and we still do not have automatism. The hydra of bureaucracy possesses tremendous vitality. The truth is: you cut down one head and three new ones immediately rise up. Yes, and in even more stylish appearance. When one glances at any "cooperative," be it a livestock or plant husbandry facility, he will see that it is stylish and in keeping with the times. There will be an office cluttered with papers and zootechnicians and agronomists who will issue commands and decide when and how the plowing is to be carried out, when the sowing work is to be completed and from what side one should approach a cow.

There are many factors which are changing decisively the conversion of the agro-industrial complex and all of its elements over to self-support. If you please, today everyone is convinced that parasitism cannot be tolerated. Unfortunately, the economic levers and stimuli that were placed in operation at the beginning of this year affect mainly the management of farms. With regard to the workers and kolkhoz members, it would appear that they are beyond cost accounting and that it matters little to them how much is spent or what for—hence there are huge over-expenditures of feed, fuel, spare parts and materials. How can this be? What can be done to ensure that each individual is literally vitally interested in ensuring that there is a greater supply of food products and that there cost to a farm is less?

Other than a lease, no other solution has as yet been found. Everyone is in agreement in this regard. The farms in Karymskiy Rayon in Chita Oblast, the Tula Zybino gosplemzavod [state breeding plant], the Kazakh Sovkhoz imeni Manshuk Mametova and the Novosibirsk Krutishinskiy Sovkhoz—despite their various differences, they all appear as associations of cooperatives which are converting over to lease cost accounting, with everything based upon purchase and sales arrangements. A basically different character of production relationships is automatically bringing forth a basically new attitude towards the work. Naturally, many rooms in offices are being made available for other purposes and specialists are transferring to lease subunits and no

longer are they paying workers or hiring them. Meanwhile the workers determine who they should seek assistance from among the agronomists and zootechnicians and how much to pay them. The primary element of democratization is that of presenting economic independence to a worker or producer. Everything else is of minor importance, including competitive elections.

Thus life indicates which organs of administration in a rayon or oblast should convert over to a lease basis and which kolkhozes and sovkhozes should operate on a cooperative basis not just in word but also in actions. It is difficult, very difficult, to argue with those who believe that a lease is not needed by managers and if a particular rayon on the whole converts over to lease cost accounting and the RAPO is subordinated to a public council, then most likely this council, with its very first decision, will abolish the RAPO organization in its present form.

What will remain from the RAPO? It is difficult to guess at the present time, but in all probability the supply offices and certain groups concerned with the introduction of scientific-technical achievements and the establishment of economic interrelationships between APK partners will be retained. It is very possible that mechanics, zootechnicians and agronomists, after their numbers have been reduced, will convert over to cost accounting: they will not receive wages but will earn them. Meanwhile, such actions are being carried out in Ordynskiy Rayon in Novosibirsk Oblast and it is regrettable that RSFSR Gosagroprom is not displaying interest in this instructive and apparently promising experiment.

It is obvious that life also prompts other solutions. The more there are of them, the better: routine operations never produce the best results. Yes and a need exists for changing not only the form but also the content of leading activity. We repeat that the chief concern at the present time in all areas is that of approving the economic methods of administration. This is a very urgent task. During the July Plenum of the CPSU Central Committee, special emphasis was placed upon the fact that the administrative reorganization of the APK must not be dragged out.

Role of Subsidiary Enterprises in Industry Viewed
18240002 SELSKAYA PRAVDA in Russian 17 Sep 88
p 2

[Article by Professor Yu. Kornikov, doctor of economic sciences, I. Nikolaychik, candidate of economic sciences; and N. Shpakova, candidate of agricultural sciences: "Wanted—A New Approach: What About Industrial Enterprises' Subsidiary Operations?"]

[Text] There are now about 2,000 subsidiary agricultural operations (PSKh) of enterprises and organizations functioning in the republic. For example, last year at the Mogilev Silk Fabric Association, about 23 kilograms of

meat were produced per worker in main production, at the Lyakhovichskiy Canned Goods Plant, 300 kilograms of milk and at the Vitebsk Television Plant 90 kilograms of produce.

However, it is no secret that many such operations are losing money. They are poorly supplied with equipment, fertilizer and other resources. Their yields of grain crops, potatoes and produce are almost one third lower than at kolkhozes and sovkhozes. Losses from sales annually reach more than 8 million rubles. Some operations produce no products at all. Thus, a Minsk plant's PSKh in Vileyskiy Rayon has not used 24 hectares of land for the last 3 years, produce production costs are 10 fold higher than earnings from their sales.

However, this is not a hopeless problem. The course of events can be substantially changed by combining agricultural and industrial production. Today there are several operations which have long been hanging around the state's neck, but are losing money. The large financial and other resources allocated to them do not give the necessary returns. The solution is to include these operations as independent units in the well organized mechanism of an industrial enterprise.

Such a combination has several advantages for industrial enterprises. First of all, workers would have more steady food supplies. Secondly, the creation of subsidiary farming operations with well developed economies would have a positive effect upon financial results at industrial enterprises. For example, in the United States and other highly developed Western countries, enterprises which have nothing in common technologically with agriculture, eagerly get involved in producing animal and other products by industrial methods (for example, feeding thousands of head of cattle). This produces additional profits for the enterprise, improves its competitiveness and the possibilities of modernizing its basic production.

However, we repeat, the potentials for PSKh are poorly developed. At best they supply small amounts of expensive animal and plant products. Organizational inexperience is the main reason for the low efficiency. This results in big mistakes.

Subsidiary operations at most enterprises are very small. Under present conditions they cannot be profitable. For example, in Vitebsk Oblast last year there were 280 PSKh, averaging 53 hectares of agricultural land, 27 hectares of crops, including 9.3 in grains, 1.2 in potatoes and 0.4 hectares in open ground produce growing, as well as 3 cows and 33 swine. Compared to 1986 the area planted to crops had declined by 190 hectares while the number of PSKh increased by 2. In other words, there was a decline in average size. Some qualitative indicators improved: grain crop yields increased by 3.7 quintals per hectare, reaching 20.3 annual milk production per cow increased from 2,398 to 2,617 kilograms, average daily weight gain for cattle was more than 500 grams and for

pigs 350. Improvements in animal productivity were mainly through increased deliveries of concentrated feeds, which rose from 1,907 to 5,983 quintals annually.

Many agencies have several PSKh, but they are all small and low capacity. For example, enterprises in the Belorussian SSR Ministry of Local Industry have 15 operations, to which only 67 hectares of land are assigned. They produce only 4.9 quintals of grain per hectare, 56 of potatoes and have 75 young cattle. A similar picture is observed at PSKh in the Belorussian SSR Ministry of Highway Construction and Maintenance, the Ministry of the Construction Materials Industry, the Ministry of Grain Products and many other agencies. The leaders of industrial enterprises view such operations as a burden. The very idea of creating these operations has been discredited.

In order for PSKh to rapidly become efficient it is necessary to change the procedure for creating them. First of all, there must be a rejection of the departmental approach to solving this problem. As it allocates land to organize PSKh the Belorussian SSR Gosagroprom is still trying to protect the kolkhozes and sovkhozes in a given region. Its workers think that if this is not done there will be difficulties in producing labor intensive products (flax, sugar beets, potatoes). In their turn industrial enterprises and organizations fear that they will not be able to deal with large farms. They are content with plots on which it is impossible to organize highly efficient agricultural production.

It looks like the question of creating PSKh should be solved in this manner: industrial enterprises should be assigned not just individual plots, but a complete sovkhoz or kolkhoz with all its means of production, social structure labor collective and management apparatus. The size of a subsidiary operation should be determined by the number of workers at an industrial enterprise. This approach does not exclude the creation of small PSKh for some types of products not requiring lots of land, for example growing tomatoes in hot houses, fish in ponds, etc.

For very large enterprises it would be appropriate to set up PSKh based upon several sovkhozes or kolkhozes. This goal would be reached by having small enterprises and organizations cooperate within the confines of their agency and by having a PSKh common to all based at a kolkhoz or sovkhoz. The needed resources will be allocated proportionally to the number of workers. Depending upon their labor collectives' opinions, lagging farms might be the first candidates for a PSKh base.

A powerful economic base of large industrial enterprises combining middle size and small organizations together with a sovkhoz or kolkhoz will make it possible to create highly productive and profitable farms in a few years. It will be able not only to completely meet the produce, milk, meat and potato needs of collectives at industrial

enterprise, but will be able to fill state orders for agricultural raw materials. This way of organizing subsidiary operations is beneficial to the state and to collectives at industrial and agricultural enterprises upon which they are based. It will reduce the number of money losing farms and consequently ease the work of sovkhozes and kolkhozes operating under conditions of self-support and self-financing.

Belorussian Agro-Industrial Complex Progress Reviewed

18240003 Moscow PRAVDA in Russian 13 Oct 88 p 2

[Article by Ye. Sokolov, first secretary, Belorussian CP Central Committee: "The Village: Search and Calculation"]

[Text] **The Belorussian land is not distinguished by high fertility. Nevertheless, returns from it are increasing year after year. It is intended to obtain 795 quintals of milk and 186 quintals of meat from each 100 hectares of agricultural land. There are improvements in food supplies and shelves are getting fuller.**

We do not delude ourselves with these advances. At the All-Union Party Conference the food problem was called society's biggest sore spot. This is our starting point as we strive to combine modern intensive production, storage and processing technology with new economic relations in rural areas. It is very important here to be concerned about people and their living and working conditions. This involves a threefold task, all components of which are very important in assuring efficiency in the agrocomplex.

Why have many previous measures to improve rural areas not been effective? Often they were partial measures and were not comprehensive. Also, they were not systematically implemented. New animal farms were built, but it was forgotten to increase the herd or feed production. Complexes were built, but they did not include housing, kindergartens or services.

There was leveling or the artificial setting of wage rates for those who labored in the old way and those who worked diligently. Losses ceased to be burdens, they did not stop people from living easily. Here are some facts. Last year at the Mayak Sovkhoz in Gorodokskiy Rayon, Vitebsk Oblast the wages fund was three times as large as gross income. As can be seen, the Mayak [Beacon] is not showing the way. Wages per person day here were only 14 kopecks less than for all sovkhozes in the oblast. Earnings per worker were practically at the level of the progressive Kolkhozes imeni Silnitskiy in Polotskoy Rayon or the imeni Gorkiy in Pinskiy Rayon.

We are carefully analyzing such miscalculations in order to avoid new errors.

To get to the point, quite a few such extremes can be seen, including on the pages of the press. One has only to look at articles, and not compare labor to be convinced that discussions are sometimes one sided. Economic, technological and social aspects are separated. There are not enough detailed studies on the introduction of agricultural science into production or on the place and role of specialists under the new conditions. There is still insufficient discussion about how far lessees are from outpatient clinics, schools, sports facilities and clubs. Some authors see no good at all in kolkhozes. The term "decollectivization" has appeared. If cows are put in private barns a river of milk will flow. Neither mechanization nor science will be necessary. Superficial judgements are not helpful. In our view, new economic relations in rural areas can only be based upon the production, technological and living standards attained at kolkhozes and sovkhozes.

Can one really ignore the fact that people in rural areas are becoming used to city conveniences: central water and heat supply and gas. By 1993 it is intended to put asphalt on the streets of all settlements in the republic with at least 20 people. There will be no return to grandfather's ways. Development will proceed from what has been attained, based upon a combination of lease and contract with intensive technology. This is the essence of transforming rural areas.

Based upon their own experience and a comparison with other regions, rural laborers in Belorussia concluded that they had to deepen production specialization and concentration. This process is practically completed in crop production. Except for its commercial component, it is subordinate to animal production. A program for the construction of complexes to produce beef, pork, poultry and milk is actively under way, especially in Brestsk Oblast, where animal production factories produce all commercial poultry products, 85 percent of the pork and 35 percent of the beef. Much has been done in Grodno, Gomel and other oblasts.

At beef production complexes last year feed consumption and production costs per quintal of weight gain were 42-44 percent lower than the republic average, while labor inputs were 75 percent lower. Average daily weight gain was 781 grams, or 40 percent higher. Daily weight gain for animals being intensively fed was even greater—872 grams.

Here are even more impressive indicators. At the Mir Sovkhoz-Kombinat in Baranovichskiy Rayon, animals being intensively fed gained 1,200 grams daily. Meat production costs were 88 kopecks per kilogram. At the Belovezhskiy Pig Raising Complex 600 gram daily weight gains were attained.

New technologies have made pig and sheep raising profitable. Not only are there profits, but the complexes have freed farms from output losses. In addition to

economic benefits there are also social ones. The character of labor has changed. Conveniently located housing, personal and medical services and asphalt paved roads are attracting young people to farms.

Experience in Brest and Grodno oblasts has become a key to solving many problems throughout the republic's agrocomplex. By the end of the next five-year plan industrial type enterprises will produce 95 percent of the pork and half of the beef.

Progress cannot be made without improvements in APK efficiency. Rural communists think that this means actively mastering the new economic relations. Primarily this means cost accounting, workers' direct personal interest in better using the land, equipment, livestock and other resources. How can one combine intensive technology with new forms of production organization? This was the subject of a thorough discussion at the republic meeting of party and economic management activists held last year in Brest Oblast and at a republic seminar this year in Grodno Oblast.

Economic management organs and party committees have started taking a more objective and fundamental approach in introducing contracts and leases. Managers and specialists have been focused upon cost accounting and have been trained in evaluating economic decisions from an economic perspective. Payments and material incentives to labor have become more closely linked to final results. The check system of cost control has proven itself well at many farms.

All this cannot but have an effect upon the financial situation at kolkhozes and sovkhozes. Compared to 1985, last year their net income increased 30 percent and production profitability improved by 33 percent. This is the basis for beginning the republic agroprom's transition to cost accounting and self-financing.

Party committees and primary organizations began the radical restructuring of economic relations with the thorough training of key personnel in all categories, including party. Seminars, courses and other forms of instruction make it possible for managers, specialists and party workers to thoroughly study problems in introducing contracts, leases, intrafarm accounting and self-financing. At the republic Higher School for APK Management there is monthly instruction for chairmen and directors of farms with low profit rates.

In pointing key personnel towards the mastery of new economic relations, party committees are trying to maximize initiative from below and orient them towards diverse forms of lease and contract. Everybody cannot be the same! Specific conditions at farms and regions must be taken into account. Many gorkoms and raykoms have shown flexibility. They are not thoughtlessly destroying everything "old", but are acting even handedly, preserving everything valuable and promising: healthy collectives and proven crop rotation patterns.

Collective contract on a lease basis has proven itself most suitable. In the republic there are multifield crop rotations for a large selection of crops. These cannot be handled by one or two machinery operators. Also, it is not economically profitable for one person alone to have the complete assortment of equipment for growing several crops on a small area. To assign a machinery operator a single crop would mean to change the leased area every year. This would not protect and improve soil fertility.

Finally, there are already stable groups of machinery operators at farms. Many of them live in the same village and are related. As a rule, such groups become lessees. Each operator has 60-100 hectares of arable land.

In animal production lessees take possession either of entire animal farms or individual facilities. It is not true that leasing cannot be combined with large complexes. On the contrary, leasing helps combine new technology with progressive ways of organizing and stimulating labor.

What about family and individual contracts? They are widely used in growing produce, root crops, in motor vehicle operations, dairy operations and cattle feeding. Two hundred thirty eight thousand families have signed contracts with farms. Take, for example, the Tikhinichi Sovkhoz in Rogachevskiy Rayon: Last year family collectives used 80 hectares to grow 990 tons of onions. They obtained 200,000 rubles in profits. In the preceding year this land only yielded 155 tons of onions and brought 15,000 rubles in losses.

More than 2,000 families have signed contracts for animal production. As a rule, a family agrees to service a small animal farm. Some of the lessees are urban dwellers.

A kolkhoz or sovkhoz is a large and complicated organism in which there is a place for various forms of lease and contract. This is vividly shown at the Gorodets Sovkhoz in Shklovskiy Rayon, which has completely converted to lease. Three lessee collectives have been set up for crop production and 14 such units have been organized for animal farms. Vehicle fleets and repair shops have also been leased. From the very first the lessees have tried to reduce costs and increase output. A farm which previously lost money is now profitable.

Sometimes, giving in to fashion, there are attempts to get by with setting up one or two lease units. This is a big mistake. Contract collectives have a new attitude towards work, one not understood by those are not used to straining themselves. A wall of ill will begins to rise up around the innovators. This was the situation for the family collective of V. Yakushik at the Luch Plemsovkhoz [Breeding Sovkhoz] in Berezovskiy Rayon. He is one of the best milk producers in the republic and a winner of

the Order of Labor Glory. The farm leadership signed a contract with one family, intending to get experience working in the new way, but almost discredited leases.

Have we not exhausted the potentials of kolkhozes and sovkhozes? There are attempts to show this. Our specialists disagree. Undoubtedly, the farms' internal structure and internal economic relations require reexamination. In the not too distant future kolkhozes and sovkhozes should become associations of leased units and individual lessees.

Specialists are thinking very seriously about the basis of relations between lessees and sovkhoz directors and kolkhoz boards so as to interest everybody in increasing production and reducing costs. Intrafarm prices are being set. Lease collectives are acquiring resources and services at planned prices, while output is being sold at accounting prices. Cost accounting income is distributed between lessees.

Experience shows that this was the proper choice. It is curtailing write-ups for transportation operations and animal farm services. Other payments are being more strictly controlled. Lessees must pay for everything with their own income. They refuse to accept poor norms or poor work.

Some assume that leases undermine the basis of socialism. We categorically disagree with this. How is socialist property destroyed? Lessees produce more goods, multiplying public wealth by using their own labor and at less cost. What here contradicts socialism? In the West farmers are constantly threatened with destruction. Here, if they work honestly, this is the exception. Farm managers can always give lessees the help they need, providing the cultural and living conditions for the general development of workers and their families. Leasing does not mean taking care of a private farmer, but attaching a peasant to land and the means of production.

There are possibilities for cooperation not only within farms, but in rayons and sectors. RAPO councils now decide the size and structure of the management apparatus, the guiding principles for relations between farms and service organization and set specialists' earnings. We

think that in the future RAPO should grow into scientific-organizational centers for mastering resource conserving technology and systems for intensified crop and animal production and for improving soil fertility.

Scientific production systems can become a form of intra-sectoral cooperation. There are now 33 in the republic. Farms which have best developed progressive technology become the head units. In our view, with time scientific-production systems will not only engage in production, but also in processing and sales and will be converted into sectoral cooperatives.

The transition to new economic relations in rural areas will not be free of obstacles. There are many dangers. For example, lease contracts are signed for five-years at the maximum. This not only involves psychological stereotypes. There is still no legal regulation of lease relationships. There is not enough experience. There are rush jobs and formalism. And the attitude towards specialists? It has become fashionable to say that they have been given too much, that they are almost getting something for nothing.

True, not all of them deserve their positions. However, one cannot take seriously the claim that they are completely dispensable.

The introduction of new economic relations in rural areas is gathering strength. Units have been switched to lease arrangements at almost half of the farms. At the remaining kolkhozes and sovkhozes practically all brigades and links have mastered collective contract.

More important, however, is another indicator—returns. In the first half of the year kolkhozes and sovkhozes in the republic obtained 1,200,000,000 rubles in profits, 2.3 fold higher than for the same period last year. In eight months of this year cow productivity grew by 154 kilograms, average daily weight gain for cattle was 644 grams and for swine 483 grams. Inputs and production costs declined.

Our cadre know that we stand at the very beginning of restructuring economic relations in rural areas. Even these first steps are opening a huge potential for cooperation and are showing V. I. Lenin was right when he said that socialism is a structure of civilized cooperation.

LIVESTOCK AND FEED PROCUREMENT

Discussions of Ways To Increase Beef Production

Intensive-Pasture Technology

18240097 Moscow SELSKAYA ZHIZN in Russian
26 Jun 88 p 2

[Article by A. Cherekayev, academician of the All-Union Academy of Agricultural Sciences imeni V. I. Lenin, Hero of Socialist Labor: "Meat of Dairy Farms"]

[Text] We ponder over the following figures: In 2 years milk production at the country's kolkhozes, sovkhozes, and interfarm enterprises has increased by 5.6 million tons, but the number of cows in the public herd has decreased by 0.4 million. The number of calves obtained by farms has also decreased respectively. In general, this process is fully justified. It points to the intensification of dairy cattle breeding, when the necessary quantity of milk is obtained from a smaller livestock population.

However, if special steps are not taken, it can lead to a reduction in the livestock population received for fattening and slaughtering and, consequently, in meat production. It should also be taken into consideration that combined breeds are now replaced with specialized dairy breeds, whose meat productivity is 8 to 10 percent lower. In some West European countries, where this pattern was not taken into account (in the FRG, Holland, Sweden, and Denmark) in the 1960's during the period of a rapid intensification of dairy cattle breeding annual per-capita beef production was reduced from 27 to 23 or 24 kg.

In our country the intensification of dairy cattle breeding is only beginning. Therefore, right now it is important to take measures guaranteeing an increase in beef production. Otherwise, while increasing milk production, we can undermine the country's meat resources.

An increase in the yield and improvement in the quality of young stock and intensification of fattening can give a great deal at first. The yield of calves at most kolkhozes and sovkhozes is intolerably low: One-fourth or one-fifth of the breeding herd annually remains barren and on specialized meat breed farms the situation is especially unsatisfactory. On the average, in beef cattle raising no more than 65 calves per 100 cows are obtained. The country as a whole annually fails to obtain 5 to 6 million calves, from which after fattening 1.5 to 2 million tons of beef could be produced additionally.

The low quality of the obtained calves does no smaller damage. On many farms down-calving cows are fed and kept poorly and prepared for calving incorrectly, as a result of which weak and not very vital calves are born. Furthermore, in the chase after a reduction in expenditures of labor and funds livestock breeders have simplified the technique of raising young stock during the first

7 to 10 days after birth, during the colostric period. It is impossible to raise a good calf without colostrum feeding—every animal specialist knows this truth. Nevertheless, many farms, especially narrowly specialized, as well as industrial dairy complexes, get rid of calves at the age of 10 to 15 days, shorten colostrum feeding periods, and prematurely transfer them to milk, or, what is even worse, milk substitute, feeding. Such calves are frequently sick and, if they do not die during the first months of life, all the same they have to be killed prematurely. It is not surprising that beef production complexes, which receive such young stock, do not give a high effect in work: Every year 10 to 15 percent of the calves are killed at the age of 3 to 4 months, when they weigh only 150 to 200 kg. Owing to this, the average weight of animals (per standard head) at many complexes is only 310 to 320 kg—100 to 120 kg less than the fattening of high-grade young stock under the age of 16 to 17 months gives.

It is no less important to increase the intensiveness of fattening itself. The young stock now slaughtered very often weighs only 350 to 370 kg and a significant part (almost one-fifth), less than 300 kg. Here there is a need for technologies, which kill animals at the age of 14 to 15 months and with a live weight of 400 to 450 kg. Such an intensive raising and fattening system is used in Hungary, Great Britain, the FRG, and other countries.

Meat production can be increased markedly if the fattening of culled cows, which give about one-third of all the beef, is organized. In recent years hardly anyone has been concerned with the preparation of culled adult livestock for slaughtering. Unfattened light-weight animals are sent to meat combines. The average weight of cows received for slaughtering from kolkhozes and sovkhozes is only 395 to 397 kg—35 to 40 kg less than 20 to 25 years ago. Such livestock gives low-quality meat. In order to rectify the situation, special cattle yards for fattening culled cows should be established on farms, or they should be concentrated at existing fattening enterprises. It is important to more accurately develop the technology of fattening such animals. The methods applied in the fattening of young stock are not suitable here.

Such are some ways making it possible to significantly increase the output of meat per cow of the young herd and, consequently, to some extent to compensate for a reduction in the cow population. Nevertheless, this is insufficient. We deeply believe that extra-remount calves and unproductive cows culled on dairy farms should not be placed under the knife, but used for the production and raising of calves in the technological "cow-calf" regime. Thus, it is a matter of developing a breeding herd of a sector new for this zone—specialized beef cattle raising.

Such a technology was developed at the Department of Private Livestock Management of the All-Union Agricultural Institute of Correspondence Education. It was

tested and received a high rating on the Voronskiy Sovkhoz in Sudislavskiy Rayon, Kostroma Oblast. We call it an intensive pasture technology. It is based on the utilization of biological resources, which animals possess. It does not require large capital investments. The total expenditures on its mastering are 80 to 100 rubles per cow. A brigade of 8 to 20 people builds a technological module for 200 cows in 20 to 30 work days. On the Voronskiy Sovkhoz in summer livestock is kept on pastures enclosed with a barb-wire fence. This is a mandatory condition. At the same time, virtually unused land located deep in forest tracts, in ravines, along rivers and rivulets, and around lakes, marshes, and so forth is included in production.

On enclosed sections the herd grazes without herdsmen. One supervising stockman for 300 to 400 animals is sufficient here. In winter they are under awnings, or in especially designed semilight-duty sheds on a deep semi-permanent litter. For this it is also possible to use small premises available even in small villages and not included in the modern technology of dairy cattle raising. Special races and other devices for zootechnical and veterinary treatment of animals are obligatory elements of this technology. They enable stockmen to wean livestock and to quickly, firmly, and reliably fix it without special efforts and enlistment of additional manpower.

An efficient on-schedule organization of calving, which is carried out from the second half of April until the end of May, is the most important technological condition. This makes it possible to utilize favorable pasture conditions during the raising of young stock, to wean calves before the onset of freezing weather, to leave only cows in herds for winter, and to transfer young stock to intensive finishing and fattening. If cows with calves are left for winter, or calving begins before April, besides additional manpower, it will be necessary to build calf stalls and heated barns for cows.

The intensive pasture technology shows especially high efficiency in the contract organization of labor, in particular under the family contract. A family of two or three people is able not only to feed and keep animals both in winter and summer, but also to grow and procure feed for them, to take care of the pasture, and to perform other jobs. The experience of the Voronskiy Sovkhoz has shown that every member of such a collective can enjoy 2 days off every week, as well as an annual leave, without damage to production.

The couple Nikolay Ivanovich and Zinayda Vasilyevna Zubarev, servicing 170 cows and heifers, as well as 70 head of young stock, was able to obtain more than 800 grams of an average daily weight gain without expenditures of concentrated feed, the production cost per quintal of weight gain being 100 rubles. This is four times lower than throughout the farm. (A detailed description of the new technology will be published in one of the issues of VESTNIK AGROPROMA).

In order to widely change over to the intensive pasture technology, it is necessary to solve the problem of lowering the price of the breeding stock. It is well known that in recent years the production cost of cows transferred to the main herd has increased significantly. On many farms it reaches 1,500 rubles and more. At the same time, it is clear that farms rank and cull the worse animals unsuitable for the dairy herd for beef production. Therefore, when they are transferred to the meat herd, part of the cost has to be written off. The actual weight and degree of fatness of such cows could serve as their cost criterion. This would not only be fair, but would also contribute to a reduction in the production cost of beef. After all, nurse cows are also sent for slaughtering after 2 or 3 years of use and, if such a reevaluation is not made, the production cost per quintal of beef from them can reach 400 to 500 rubles.

Shortcomings in Beef Production

18240097 Omsk ZEMLYA SIBIRSKAYA,
DALNEVOSTOCHNAYA in Russian No 4, Apr 88,
pp 2-3

[Article: "Beef Program"]

[Text] The complicated situation with the population's supply with foodstuffs and, especially, meat products persists in most rayons of our region. Their per-capita consumption still grows slowly and, if decisive measures are not taken today, many years will be needed to raise the level of per-capita meat consumption to scientifically substantiated norms.

An analysis of the sector's situation indicates the existence of big potentials and unutilized resources for an increase in the volumes of production of livestock products, primarily beef. On many farms young cattle can reach a weight of 400 to 450 kg at the age of 15 to 17 months. Here is only one example: On the Nazarovskiy Sovkhoz in Krasnoyarsk Kray the introduction of effective technological and organizational solutions concerning beef production and the high feeding level have made it possible to increase average daily weight gains during raising and fattening to 1,000 grams with an expenditure of 9.5 quintals of feed units and 10 man-days per quintal of weight gain. Young stock is sold at the age of 18 months with a live weight of more than 500 kg.

The utilization of intensive factors in the sector's management makes it possible to sharply increase meat production not only on individual farms, but throughout oblasts. For example, 64 kg of meat are now produced per capita in Tomsk Oblast. Whereas in the 1970's the oblast imported up to 30 percent of the meat, 80 percent of the eggs, and 19 percent of the dairy products and provided itself only with one-half of the [needed] vegetables, now it is self-sufficient with respect to meat, milk, and eggs and supplies part of the vegetables and potatoes to other rayons. Effective steps for self-provision with beef and other food products are taken in Omsk and

Kemerovo oblasts and Khabarovsk Kray. The experience of some farms in these oblasts and the kray was discussed on the pages of our journal.

Nevertheless, despite the fact that noticeably positive changes occur in animal husbandry, "beef" programs, which exist virtually on every territory of Siberia and the Far East, on the whole, are fulfilled slowly. What are the reasons for such a situation in the sector? The first lies in the fact that the livestock population began to be reduced noticeably in some rayons. At first glance, this may seem a positive phenomenon, but such steps can be justified only if they are accompanied by an increase in livestock productivity. In reality, in many cases both the population and productivity of cattle decrease. What kind of intensification of the sector is this?

Farms incur especially big losses at the stage of raising young stock from the milk period until the beginning of its fattening. Calves are still often kept anywhere and are fed with anything. Such raising leads to irreplaceable losses. As a rule, tomorrow it is extremely difficult to make up for the weight gain that is not obtained today. Young stock, which later undergoes even a good final fattening, attains 400 kg only at the age of 25 months, which is 7 or 8 months longer than during intensive raising and fattening. Economists have calculated that losses due to keeping 1 head of cattle too long total 400 to 800 rubles. Under self-financing conditions such losses can also significantly affect the farm economy. Therefore, the organization of a directed raising of young stock from the first days of its life is the very first and urgent task.

To this day scientists do not have a unanimous opinion of the methods of keeping young cattle. However, they are engaged in a tireless search and it should be noted that not without success. Not long ago our journal published an article entitled "Boxes Are Better" (1988, No 1), which showed the loose-box method of keeping cattle. This method ensures its biological activity and raises labor productivity 1.5- to 2-fold. As this article notes, on the Taskayevskiy Sovkhoz, when the entire young stock was transferred to loose-box keeping, the gain in the live weight with the same feed increased by 500 quintals. Or let us take the so-called Karymskaya technology, which guarantees a 100-percent preservation of young stock and an increase in its productivity (the journal ZEMLYA SIBIRSKAYA, DALNEVOSTOCHNAYA, 1988, No 2). The best experience in keeping young stock must be studied most carefully on every farm and in every brigade and link. It should be introduced widely.

Many kolkhozes and sovkhoses also incur big losses from calf plague, underproduction of offspring, and delivery of low-weight livestock. For example, last year Novosibirsk Oblast precisely for this reason owed meat to the state. Even now big difficulties with the plan fulfillment have arisen here. Unfortunately, such a situation is not only in this oblast. The same can be said

about Chita, Amur, and many other oblasts. In connection with this the results are very alarming: From the delivery of low-weight young stock alone the RSFSR receives 500,000 tons of meat less than it should. Losses from the sale of substandard low-weight animals, their death and plague, and failure to obtain offspring annually reach 1 million tons of meat worth more than 2 billion rubles.

Practice confirms the obvious efficiency of enterprises specializing in livestock fattening. More than 2,000 farms and 167 large beef production complexes now operate under conditions of intrasectorial and interfarm specialization in the Russian Federation. A considerable number of them operate in our region. Their efficiency is well evident as compared with the indicators of kolkhozes and sovkhoses. The average daily gain in live weight during fattening at these complexes totals 700 to 725 grams—a little over 200 grams than, on the average, on the republic's farms. The delivery weight per head of livestock increased by 18 kg, totaling 402 kg. Feed consumption per quintal of weight gain is 30 percent lower and labor expenditures, fivefold. The level of profitability of beef production at kolkhozes and sovkhoses in 1986 comprised 8 percent and at complexes, 34 percent.

In the RSFSR by 1990 beef production should be increased, as compared with the average annual level of the last five-year plan, by almost 1.9 million tons, or by 40 percent. At the same time, the following should become the basic directions: intensification of young cattle raising and fattening, development of specialized beef cattle raising, and extensive organization of industrial fattening. This requires a significant strengthening of the material and technical base of existing fattening farms and an organization of new enterprises specializing in cattle finishing and fattening.

Livestock of dairy and dairy-meat breeds is the basic source of beef production in the region to this day. Despite the fact that the proportion of meat breeds in the herd is not big, that is, 2 or 3 percent, a tendency toward reducing it has appeared in recent years, which steadily leads to a reduction in beef production. Specialists believe that it is necessary to take the most effective measures for the development of beef cattle raising and, especially, in rayons where there is pasture land and intensive feed production has been established on reclaimed land. The experience of such sovkhoses as Sonskiy and Belelikskiy in Krasnoyarsk Kray and Sadovskiy in Novosibirsk Oblast has long demonstrated the advantage of precisely such an approach to this matter.

Analyzing the results of fulfillment of the "beef" program, one can say with full confidence that, if some progress has been made in the sector, it is due primarily to the increase in the production of feed and improvement in its quality. In this connection one would especially want to discuss two crops, which, as specialists

believe, could play an important role in the development of the feed base: corn cultivated according to grain technology and rape. Last year it was possible to procure almost 6.5 million tons of a grain-cob mass (in the RSFSR). A large quantity of silage with ears of milky-waxy ripeness was also stored. The cultivation of corn according to grain technology, preparation of a grain-cob mass (carnage), and significant increase in rape give a guaranteed rise in the productivity of animals. For example, the Udarnik Poley Kolkhoz in Kemerovo Oblast, which obtained 350 tons of rape meal, has high efficiency from feeding it. Weight gains in young stock have increased noticeably on many farms in Tomsk and Omsk oblasts, where high-quality silage with ears and rape cakes have been introduced into rations. The task lies in expanding the cultivation of these crops everywhere this year and in attaining an increase in their harvest.

The "protein" program has now been approved in every oblast, kray, and republic. To implement it means to noticeably improve the situation with the production of both meat and milk and to strengthen the financial status of kolkhozes and sovkhozes. Calculations show that, if in 1986 the ration would have been balanced, the addition throughout the RSFSR would have totaled about 800,000 tons of meat. Of course, this was known in all agro-committees, but last year they did little for the production of high-protein feed. Otherwise, how to explain the fact that the program for the production of peas, rape, soybeans, and perennial leguminous grass was not fulfilled? The measures for drying hay with active ventilation, pressing, and building silage-haylage structures and root crop storage facilities were also fulfilled 60 to 80 percent.

Unwillingness on the part of agronomists to seriously engage in the production of pulse crops is due not so much to the labor intensiveness of cultivation of these crops as to their smaller yield as compared with that of cereal crops. To this day many of them do not understand that the chase after a quantity of the harvest at times leads to big feed shortages. For example, on the average, during the past five-year plan the yield of barley in the republic was 13 quintals per hectare and of pulse crops, 10.8. However, in terms of digestible protein 1 hectare of barley gave 1.05 quintals and of pulse crops, 2.16. To obtain such a quantity of protein, it is necessary to raise the yield of barley to almost 27 quintals per hectare.

The experience of the best Siberian farms shows that protein production can be expanded significantly only on one condition—if the entire arsenal of pulse crops is utilized. However, in many rayons in this region hardly anything is done to expand the areas sown with perennial leguminous grass, especially clover and lucerne, and here and there fodder yeast, which can be obtained on the basis of the timber industry waste, has been excluded from the arsenal of protein reserves. Such possibilities and considerable at that exist in our region.

There are many potentials for an increase in feed production at enterprises of the meat and dairy, as well as mixed feed, industry, but they are by no means utilized fully. The raw material resources of meat combines in Maritime Kray and Amur Oblast, where capacities for the production of dry animal feed are loaded 50 to 60 percent, are activated especially poorly. Last year 13,000 tons of skim milk were returned in excess of the norm to farms in Kemerovo Oblast. A total of 1,250 tons of a whole-milk substitute could have been produced from it. However, owing to the poor operation of the Anzhero-Sudzhensk Plant, skim milk was not processed and 1,500 tons of a whole milk substitute were brought from other oblasts. Work on processing grain into mixed feed and feed mixtures is poorly organized in Kemerovo, Novosibirsk, and Irkutsk oblasts.

All these and many other facts indicate that there are still very many reserves and shortcomings in feed production—the basis for the development of animal husbandry. Of course, their most rapid realization and elimination will help not only the fulfillment of the "beef" program, but also the intensification of animal husbandry as a whole—a key sector, which determines the economy of most kolkhozes and sovkhozes in Siberia and the Far East.

Primarily all those directly working at livestock sections and complexes are called upon to utilize all these possibilities. Here a great deal depends on how the labor of livestock breeders is organized and what conditions have been created for their rest. Many of the best examples confirm that a significant effect from cattle fattening and finishing is attained with the collective, family, and so-called "all-around" contract. For 10 years the indicators of the link for fattening young cattle headed by N. F. Filatov have strikingly differed not only from all-Union indicators, but also from those of all Shushenskiy Rayon in Krasnoyarsk Kray. Whereas, on the average, in the rayon about a year ago agricultural output worth 15,500 rubles per worker was produced, in Filatov's link, 154,300. Only two people—father and son Filatov—work at the fattening area of the third department of the Subbotinskiy Sovkhoz, where more than 1,000 calves are kept. They themselves procure the green mass, transport it from the field, and take care of animals. At the same time, they obtain gain weights unprecedented in these places. For example, during summer months the average daily weight gain in the final fattening group is 1,250 to 1,300 grams.

The contract increases people's responsibility, their work does not need a special supervision, and daily weight gains in contract links are much higher than in ordinary ones. As a rule, the reasons for success here lie not in some special technology, but primarily in the efficient organization of labor and in the attitude toward work. Nevertheless, the editorial department receives many distressing signals when the new form of labor relations does not take root. What is the reason? In our opinion, the chief thing lies in the fact that often contractual

relations are not observed. For example, this happened on the Khorskiy Sovkhoz in Khabarovsk Kray, when the administration offered a groundless and hastily drawn up contract to the families that decided to accept calves for fattening. The payment in it was not connected with the final product. Everything was reduced only to average daily weight gains. Thus, the very idea of the contract was discredited on the farm.

What has been done in the fulfillment of the "beef" program represents only the first steps on the path of

restructuring. Now it is important to thoroughly consolidate the positive tendencies in the sector's intensification, in pedigree stockbreeding, and in the strengthening of the feed base, to eliminate the drops in the indicators of livestock section productivity, and to create all the conditions for a highly productive labor of livestock breeders. Only with such approaches is it possible to replenish meat resources and to fulfill the outlined programs.

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HOUSING CONSTRUCTION

Tajik 'Zhilye-93' Housing Program Draft Published

18210018 Dushanbe KOMMUNIST TADZHIKISTANA
in Russian 18 Sep 88 p 2

[Unattributed article: "The Main Provisions of the 'Zhilye-93' Housing Program for the Republic"]

[Text] Solving the housing problem is one of the main socialist tasks articulated by the 27th CPSU Congress. The 19th All-Union Party Congress agrees with the argument that a strong social policy is a key factor of perestroika and tool for enhancing the welfare of the Soviet people.

Throughout the years when socialism was being built in the Tadzhik SSR, more than 40 million square meters of housing was constructed. At the same time, there was a whole series of programs aimed at renovating and repairing existing housing, upgrading cities and other areas, and planting trees and shrubs.

At this time, the republic is averaging 8.9 square meters of living space per capita. During the 12th Five-Year Plan, the republic built 2.9 million square meters of housing, or more than 20 percent higher than the figure for the previous Plan.

Regardless, the housing problem in the republic is extremely grave. According to information from local soviets, there were more than 850,000 people, or 16 percent of the population, who needed new housing or upgrading of existing housing as of 1 January 1988. Both handicapped and other veterans of the Great Patriotic War are short of modern housing, as are internationalist soldiers, whose concerns should certainly be a priority. And many educators and health care workers are forced to rent private apartments because of the shortage of housing.

In addition to the above information, we should add that much of the housing, particularly in rural areas, is primitive.

In order to deal with the problem, and pursuant to the 27th CPSU Congress guidelines on priorities for social development, the central committee of the Tadzhikistan Communist Party and the Tadzhikistan Council of Ministers adopted "Measures for Rapidly Solving the Housing Problem in the Tadzhik SSR" in November of 1986.

The "Measures" stated that in order to provide every family in the republic with a modern apartment or individual dwelling by the year 2000, a minimum of 7.3 million square feet will have to be built during the 12th Five-Year Plan. This figure will be 10 million in the 13th Five-Year Plan, and 15.9 in the 14th. In other words, over the next three Five-Year Plans, we will have to build as much housing as we built in the previous eleven.

A key element of the program is the idea that new building is not the only solution to the problem. Instead, major repairs to and modernization of existing housing will be stressed, as will construction by individuals.

In addition, we have to make sure existing housing is used as effectively as what is going to be built. This means improving the system for assigning and re-assigning housing, putting notices of soon-to-be vacant apartments up faster, and creating an environment that permits individuals or small families occupying large apartments to exchange them for smaller ones.

Housing and Housing Requirements in the Tajik SSR

As of 1 January 1988, the republic had 44.2 million square meters of housing. The breakdown of this is as follows. State owned housing accounted for 14.9 million (7.3 million belonged to local soviets, while 7.67 fell within the purview of departments and ministries.) Other public housing accounted for 1.18 million square meters, and the ZhSK [Housing Construction Cooperative] had 0.77 million square meters. Sixty two percent of all personally-owned housing (27.3 million square meters) falls in the detached dwelling category.

State-owned and ZhSK housing are at a high level of sophistication: 83.2 percent of homes have running water; 78.1 percent have indoor toilets; 82.1 percent have central heating; 82.9 percent have gas hookups; and 62.2 percent have hot water. But there are problems in providing detached dwellings with water, heat, etc. In urban areas, only 6.2 percent of them have running water. 1.6 percent have indoor toilets, 2.4 percent have central heating, and 0.2 percent have baths (showers.) The situation is even worse in rural areas.

A technical study of the republic's housing has shown that 0.7 percent of the total living space in homes is 61-80 percent worn out; that is, it has deteriorated and is subject to razing as part of the 'Zhilye-2000' program.

The total amount of deteriorated housing comes to 288,300 square meters, accommodating 23,500 persons. Of this housing, 27,800 square meters are unfit for human habitation. Between 1981-87, the following amounts of housing were lost: 230,000 square meters that were razed because of the condition of the structures; and 344,700 square meters destroyed by fire or other disaster. This slowed the process of shortening the line for new or upgraded housing.

As of 1 January 1988, this line was 150,600 families long, including: 2,000 GBAO [Gorno-Badakhshanskaya Autonomous Oblast] families; 37,700 families in Khatlonskaya oblast; 32,300 families in Dushanbe; 20,900 families in areas in the jurisdiction of the republic; and 57,700 families in the Leninabadskaya oblast.

83,200 of the families live in cities or urban-type areas (72,700 are in line at local soviets, enterprises, and organizations, while 10,400 are on ZhSK lists.) About 67,400 of the families live in rural areas.

Of the total number of people in line at ispolkoms, 1,547 were handicapped veterans of the Great Patriotic War, families of fallen servicemen, or individuals with similar claims.

The Demographic Situation and the Solution to the Housing Problem

The republic has the highest population growth rate (3.4 percent per year) in the country. At this rate, the population is anticipated to reach more than 5.1 million by 1 January 1989, or 34.8 percent over the level in the January 1979 All-Union Census. During this period, the urban population grew by 28.2 percent, while the rural population increased by 38.3 percent.

It is also important to note that there have been no major changes in the sex and age mix of the population. 42.6 percent of the population was under 14 as of 1 January 1988, versus 43.2 percent in the 1979 census. These figures for the 15-29 age bracket are 28.0 and 27.4 respectively, while that for the 30 and older group remains at the 29.4 percent level of 1979.

At the same time, both the number of families consisting of two or more persons and the average size of families has been growing. According to the 1979 census, the average family consisted of 5.7 persons, versus 5.4 in the 1970 census.

The social group with the largest families is made up of blue collar and kolkhoz workers. For example, only 2.6 percent of white collar worker families had seven or more members. This figure for blue collar and kolkhoz workers is 32.8 and 20.4 percent respectively. The upcoming 1989 census will undoubtedly show certain corrections, but the overall trend, and consequently the ratios, will remain essentially unchanged.

The republic's 'Zhilye-2000' program was designed with the above-noted facts in mind. It will be implemented in two phases, the first covering 1988-1993, and the second running from 1994 to 2000.

The objective of 'Zhilye-93,' the first phase of the program, is to ensure compliance with the "Regulations Governing Applicants Needing New or Improved Housing in the Tadzhik SSR" and provide citizens who applied for housing before 1 January 1988 with either an apartment or individual home. The first phase also extends to persons who have less than 6 square meters of living area per capita in their present circumstances.

The next phase calls for allocating housing to families with less than nine square meters per person; this accords with Article 22 of the Basic Laws for Housing

Construction in the USSR and Union Republics. The purpose of the program is to solve the housing problem. Its framers were aware of the actual needs and potential of the republic, as well as of the fact that 42.6 percent of the population is under 15 years old. The program specifies an average living space of 10.5 square meters per person. Given the family make-up in the 1988-2000 time frame, this means 31 million square meters of housing, or 516,000 apartments, will have to be built.

The Essentials of Implementing the Program

More than half the planned housing will be built using centralized state capital and money from the funds of enterprises and housing construction businesses, while 47 percent will be capitalized by individuals who will use their own savings and state loans.

Social programs for worker units will receive a boost from the implementation of the new management techniques and methods of stimulating the economy, full khozraschet, and self-financing system. In accordance with decisions of soviets of worker units and organizations, and in conformity with the USSR "Law Governing State Enterprises (Associations)," a portion of profits has been earmarked for housing construction using organizational resources. The percentage of total state capital construction planned under this system should grow to 18 percent, versus 3 percent at present.

Construction funded by housing construction businesses should receive a major boost, particularly in such cities as Kulyab, Isfara, Tursunzade, Ordzhonikidzeabad, and others where major enterprises (including those run at the national level) are located or under construction.

Another element of the solution to the housing problem is construction of housing by individuals using their own money and state loans. Addressing this technique of funding construction, the party and government recently approved several decisions aimed at eliminating certain limits and improving the terms involved in lending, renting land, and obtaining building materials. State contracting organizations will be used for the construction of individual homes.

Between 1988-2000, plans call for the construction of 400,000 square meters of individual housing in the GBAO, 4.1 million square meters in Khatlonskaya oblast, and 5.3 million square meters in Leninabadsкая oblast. In addition, 0.9 million square meters will be built in Dushanbe, while 3.4 million are slated for construction in the areas under republic jurisdiction. This is the minimum acceptable level of construction.

In order to help persons building their own homes, we must ensure that khozraschet production units run by ispolkoms of soviets of peoples deputies start doing a

better job. At the same time, industrial enterprises (associations), kolkhozes, and sovkhoses need to establish construction teams, some of which should be cooperative-type businesses.

Key Indicators of the 'Zhilye-93' Program

As the first phase of the program, which is aimed at providing every family with a modern apartment or home by the year 2000, 'Zhilye-93' seeks to ensure that everyone who applied for housing before 1 January 1988 is taken care of. It therefore addresses not only the current situation with respect to the supply of housing, but also past and future changes in the make-up of the republic's population, which will be reshaped as natural factors and migrations affect them.

A major task during this phase will be using all available sources of funds to build 9.0 million square meters of housing, or no fewer than 150,600 apartments and homes, including: 2,000 in the GBAO; 37,600 in the Khatlonskaya oblast; 57,700 in Leninabadskaya oblast; 32,300 in Dushanbe; and 20,900 in areas under republic jurisdiction (see table.)

A minimum of 3.8 million square meters of housing is going to have to be built using state capital sources. At the same time, 0.9 million square meters will have to be funded through housing construction joint ventures, while more than 4 million square meters will be funded through kolkhozes and the resources of individuals.

Material-Technical Provisions of the Housing Program

In order to complete the housing program, we will have to focus our efforts during the 12th and 13th Five-Year Plans on implementing the program designed by the republic. This includes expanding the capacities of construction organizations and broadening the resource base of the construction industry and the construction materials manufacturing industry. The republic-level program, which has been approved by the USSR Gosstroy and the Tadzhik SSR Council of Ministers, prescribes a gradual introduction of the capacities needed to handle the 'Zhilye-93' program.

Plans call for increasing brick output to 800-850 million units in 1995, up from 313 million in 1987.

Brick works are scheduled to go on stream in the following areas: the city of Kulyabe (with a capacity of 52 million bricks per year); the towns of Proletarsk and Shakhriau (with a capacity of 60 million bricks per year); the town of Kaboden (with a capacity of 10-30 million bricks per year); the towns of Garm and Khovaling, as well as Ganchinskiy rayon (with a capacity of 10 million bricks per year); and the town of Kizil-Kala (with a capacity of 15 million bricks per year.) In addition, the Kalininabadskiy Brick Works will boost its capacities to 26 million units per year.

There are also plans to build low-capacity (under 5 million units per year) brick works at kolkhozes and sovkhoses. These works would provide bricks for the kolkhozes and sovkhoses themselves, while the total of their capacities would not exceed 50 million units per year.

Khatlonskaya and Leninabadskaya oblasts will be building plants to produce cellular concrete blocks. Plans call for an output of 160,000 cubic meters per year at these sites. Dushanbe will be producing 80,000 cubic meters per year.

We will continue to build enterprises for manufacturing the items needed in large-panel construction. Between 1988-90, we plan to increase the capacities for building these items to enable an additional 300,000 cubic meters per year to be produced. The Dushanbe Housing Construction Complex will account for 142,000 cubic meters of the increase, the Kulyabinsk Complex will account for 50,000, and the Kalininabadskiy and Leninabadskiy Complexes will account for 40,000 each.

Plans for 1991-1995 include increasing capacities for manufacturing the elements of large-panel buildings by 550,000 square meters per year. Dushanbe and areas in the republic's jurisdiction will account for 325,000 square meters of this increase, while Kalininabad and Leninabad will account for 95,000 and 130,000 respectively.

The 1990 output of elements for large-panel building construction will increase to 700,000 square meters per year, versus 459,000 square meters in 1987.

One of the most promising housing construction techniques is monolithic construction, which includes sand-clay concrete structures. It is most advantageous in areas where pre-fabricated ferro-concrete structure production is weak. The total volume of monolithic construction is projected to increase significantly.

This year, the Dushanbe Asbestos Cement Complex will produce 50 million standard buckled tiles of asbestos cement sheets. And when this enterprise reaches its full capacity of 114 million tiles and finishes building its new 60 million tile line, the country's shortage of roofing materials will be completely eliminated.

Starting in 1989, the republic will begin producing linoleum on a base that is a heat insulator and sound absorber. For this reason, it is constructing an enterprise with a capacity of 1.5 million square meters of linoleum per year in Gissarskiy Rayon, and should be able to handle the area's entire demand for linoleum.

Current plans call for boosting output of ceramic facing tiles in order to meet consumer demand by the beginning of the 13th Five-Year Plan. We are also working on plans for the construction of a bathroom porcelain-fixture plant with a capacity of 250,000 units per year (the first

phase of which would be able produce 150,000 units per year) and a plastic fixtures plant with a capacity of 400,000 units per year. These plants would eliminate the need to bring fixtures into this area from other parts of the country.

We are planning to increase carpentry-grade wood product output by 380,000 square meters per year.

We will also increase the production of other building materials, including plaster, lime, light aggregates (light clay, agloporite), and such materials such as sand, crushed rock, and gravel.

During the 13th Five-Year Plan, we intend to begin building the first phase of a 1.15 million ton capacity (annual) cement factory in the Shaartuzskiy area of the Khatlonskaya oblast.

While the above-mentioned projects to provide materials are scheduled for completion in 1995, many of them should be finished before 1993.

Building a resource base for the construction industry is a difficult, important job. To get it done, contractors in the republic are going to have to secure 1.238 billion rubles of capitalization between 1988-95.

Major Repairs and Housing Maintainance

The current level of repair work on buildings in the republic is too low to keep existing housing above the dilapidation threshold as defined in the approved standards.

The following are key areas of housing repair that need to be addressed: the maintenance needed to keep communications and other equipment working dependably; planned preventive maintenance on the housing itself; the creation of housing for young people by upgrading or repairing existing housing; modernization of housing through installation of missing equipment and improvement of apartment lay-out; and upgrading the appearance of and services available in areas near housing.

We also need to: make sure municipalities have the resources they need; and create an industry capable of repairing sanitation equipment in accordance with standard housing repair deadlines.

We are planning to increase the services available for pay, including apartment repair, and implement programs in which residents will be held responsible for maintaining their housing and the structures and improvements on the grounds of their buildings.

The Legal Foundation of the Program

The keys to meeting the goals we have outlined include: faithfully observing the laws and rules pertaining to priority in housing assignments; making rational changes to the standards governing the place workers occupy in housing assignment priorities; and publicly discussing the solutions to housing problems.

The "Measures" contain changes that will help give work units a more important part to play in assigning housing and lots for individual home construction, and will thus serve as a means to increase productivity and improve performance. Most working citizens awaiting a housing assignment will be dealt with where they work.

Local soviet ispolkoms will provide housing primarily to families consisting of retired persons, the handicapped, students, servicemen detailed to the reserve and therefore entitled to housing, persons who are temporarily unemployed for valid reasons, and low-income families with many young children.

As the 'Zhilye-93' program is implemented, the standard for living space per person (that is, the level at which citizens wanting to upgrade housing can be placed on the list) will rise steadily from six to nine square meters.

In order to restore order to the process of filling vacated (and therefore available) housing, we need to ensure that housing is occupied no more than 60 days after it is vacated and the former tenants have signed out. At the same time, the former tenants or the organization employing them are responsible for arranging and paying for any repairs.

If a person allows 30 days to pass and he and his family fail to occupy the housing he has been assigned or return their assignment documents to the registration office, the rayispolkom which has jurisdiction where the housing is located will advise legal authorities of the matter to have the documents declared invalid.

What Economic and Soviet Agencies Must Do to Implement 'Zhilye-93'

All enterprises and organizations have three months to plan how they will provide workers who need housing with a modern apartment or house and have these programs approved by the ispolkom of the local soviet. At the same time, they will have to take particular pains to provide construction organizations and individual builders with the assistance they need to get planned buildings or apartments ready for use.

The heads of enterprises and organizations are fully accountable to their personnel and the ispolkom of the local soviet for the extent to which they have implemented the program and the measures that support it. At least twice a year, they will have to report on the progress of the housing program to their personnel.

Enterprises and organizations need to build more housing and public usage facilities. In addition, they must increase the amount of construction done in accordance with economic principles. This will permit them to more fully exploit opportunities to use the extracurricular activity funds of their personnel.

For the entire year, building contractors may enter contracts with enterprises and organizations for the construction of housing, and may terminate them with the agreement of the given enterprise or organization at any stage, transferring to it the responsibility for finishing or other work. Enterprises involved in housing construction must be provided with the opportunity to operate at full capacity.

By 1990, the volume of housing built by individuals must be increased to one million square meters, versus 468,000 square meters in 1986.

The ispolkoms of local soviets, enterprises, organizations, kolkhozes, and sovkhoses will be responsible for providing rural and urban residents wishing to build residential housing with lots for this purpose in accordance with established quotas. Their responsibilities will also include assistance in selecting sites free from such natural disasters as earth slides, creep, or other soil settling danger, and, where possible, laying water, plumbing, and gas lines. And they will have to help private builders with materials, machinery, and equipment in accordance with current guidelines.

In light of the need for economy, agencies and organizations will have to adapt existing plans for pre-fab and monolithic rural and urban building construction, and design new plans that require greater usage of locally produced construction materials and lower usage of metal and cement.

Enterprises and organizations belonging to union ministries and departments of the republic will have to take

responsibility for building a greater portion of the housing and more public buildings in the republic. These enterprises will have to help develop the tracts earmarked for individual dwelling construction.

To facilitate efficient usage of tracts that have been earmarked for housing or public facility construction but not developed by individual builders, these tracts will be given to other enterprises, departments, and organizations.

Starting in 1989, enterprise, organization, ministry, and department employees who give their housing construction allowance to another individual in one of the republic's cities will be given housing only if they have the consent of their work unit and use 30 percent of the housing construction allowance for municipal facilities or public services.

Appropriate authorities need to identify a satisfactory system through which renters can make their excess space available to families that need it.

When, in conjunction with ministries and departments, agencies and organizations are planning the extent of their participation in housing construction, they must be strictly guided by comparative data on the number of families needing housing.

Agencies and organizations offer every assistance in the creation and operation of housing construction joint ventures, joint ventures that would be involved in repair, construction, and service, and young peoples' housing cooperatives.

	Housing as of 1/1/88, in millions of sq. m.	Population as of 1/1/88, in millions	Number of families in line for housing, in thousands			Average space per resident as of 1/1/88	Amount of housing needed as of 1/1/88 for persons in line and with up to 6 sq. m. per person (in millions of sq. m.)			Projected housing construction in 1988-93 (millions of sq. m.)	Number of apartments to be built in 1988-93 (thousands of apts.)
			Total	Urban	Rural		Total	Rural	Urban		
Tadzhik SSR	44214	4973	150.6	83.2	67.4	8.8	9.0	5.0	4.0	11.0*	150.6
GBAO	1532	155.6	2.0	1.1	0.9	9.8	0.2	0.1	0.1	0.2	2.0
Khatlonskaya Oblast	13173.3	1614.8	37.7	17.2	20.5	8.2	2.2	1.0	1.2	2.8	37.7
Leninabads-kaya Oblast	14629.8	1532.9	57.7	26.7	31.0	9.5	3.4	1.6	1.8	4.0	57.7
Dushanbe (city)	6858.8	601.8	32.3	31.3	1	11.4	2.0	1.9	0.1	2.6	32.3
Areas under republic jurisdiction	8020.9	1067.9	20.9	6.9	14.0	7.5	1.2	0.4	0.8	1.4	20.9

*Of the total housing construction projected for 1988-93, approximately 2 million sq. m. is slated to cover housing lost due to natural disasters, deterioration, and demolition.

POLICY, ORGANIZATION

Austrian Model of Consumer Protection Society Described

18270019 Moscow SOTSIALISTICHESKAYA
INDUSTRIYA in Russian 26 Oct 88 p 3

[Article by L. Biryukova, special correspondent: "Commodities Without Dirty Tricks: How the Austrian Consumer Protection Society Operates, and What Kind We Should Have in Our Country"]

[Text] In Vienna and other cities in Austria earrings and clips recently were offered for sale in the form of candies. They enjoyed a good demand, but it was not for that reason that they quickly disappeared from the store counters. It turns out that the Austrian Consumer Protection Society had requested the removal of these items from the marketplace inasmuch as children were taking the clips as real candy. Several tiny tots had swallowed the dangerous "candies." As it transpired, this costume jewelry was not of domestic manufacture: it had been imported from Hong Kong. Nevertheless, the manufacturer carried out the Society's demand in a very short time because he knew the following: any delay meant the threat of a considerable fine.

In talking about this case, Doctor Gottfried Meyer added the following point:

"With regard to the size of the fine, since 1 June of the present year it has increased tenfold. This was done in order to prevent flouting a demand by the Society concerning the characteristics of commodity items. Because, of course, a small fine can easily be compensated for by a commercial profit."

Doctor Meyer is one of the leading officials of the Consumer Protection Society, which was founded in 1970. He has worked so energetically and effectively that his experience deserves particular attention. It is useful for us to look into this experience also because nowadays public opinion in our country is decisively expressing itself in favor of creating such a consumers' union here.

A few days ago representatives of various organizations gathered in Moscow for the purpose of negotiating about the selection of a model for such a society, union, or association—the name had not yet been determined. Its constituent members include the AUCCTU, Komsomol Central Committee, USSR State Committee for Science and Technology, Committee of Soviet Women, Committee of Veterans of War and Labor, Children's Fund imeni Lenin, USSR Union of Journalists, and a number of the central newspapers. A dispute began over who could become a member of the society. Would the new organization accept people into its ranks, issue membership cards, and collect dues?

In Austria there is no particular, personal membership: if a person has made a purchase, it is not important whether it is an automobile or a bunch of carrots, or whether he has utilized a service, such as a dry-cleaning establishment, hotel, real-estate broker, or address bureau—he automatically falls within the sphere of the society's action and has the right to count upon its help.

Of course, any organization needs funds. If such a source of income as membership dues are lacking, what funds exist for the consumers' society?

"In part, we are supported by membership dues," unexpectedly replied Doctor Jozef Ladstetter, another leading official of the society.

It turns out that there is a membership. It is not an individual one, however, but rather collective. The permanent members of the society's council include the Association of Austrian Trade Unions, Union of Employers, Austrian Board of Agriculture, and the Workers' Board. Moreover, the society also has its own income.

But just how does it earn it? Above all, by publishing a journal, where it prints objective information about all items appearing in the market. To be sure, in order to obtain such information, it is necessary to spend quite a bit of money. Maintaining laboratories where tests are conducted on all manner of products and industrial items is not cheap. But in recent years the society not only spends money for expertise but also earns money by it. It proved to be the case that various firms willingly purchase the results of tests which have been run on their competitors' products in order to guide themselves in the marketplace.

"We facilitate the development of competition among firms," says Doctor G. Meyer. "And honest competition always redounds to the benefit of the customer."

A healthy competition instead of the monopolistic dictates of the producer—this is also the dream of all customers in our country. Could it be brought just a little bit closer by the actions of the consumers' union which is now emerging in our country? In any case, everyone is counting on this.

At the meeting of the constituent members of our future consumers' union many persons expressed the fear that this new public organization would be bureaucratized and turned into an office for merely filling out papers.

In Austria the Consumers' Society is not threatened by this misfortune, since it has what is essentially a meager apparatus. A few persons on the staff of the Federal Ministry of Environmental Protection, some young persons, and families—this is the entire administration. The total number of staff members is 80 persons. They work in the test laboratories and the information center. They are assisted by many non-staff, supernumerary activists.

Every day the society's information center is visited by from 500 to 1,000 persons. Here on permanent exhibit are commodity items on which comparative characteristics are provided. For example, an exhibit of synthetic floor coverings was recently held. Anybody could obtain here exhaustive information not only about an item's aesthetic characteristics, but also about its hidden merits and shortcomings: is it slippery, is it easy to clean, does it accumulate static electricity, or does it emit any substances which are harmful to health?

Devotees of large, self-service stores—supermarkets—frequently complain that they purchase many unnecessary things there; so to speak, against their own will they put more than they really need in their shopping-basket. In connection with this, the information center organized an exhibit where it demonstrated typical traps set by the supermarket owners, who have a very good knowledge of human psychology. With the aid of special ways of setting out items, they, as it were, tempt shoppers to take things that are not really very necessary.

But the center's principal task is to provide consultation—to give advice to shoppers. Recently the newspapers announced that the state was prepared to pay out subsidies to all owners of houses and recreational cottages who would like to replace their heating systems and window frames by more up-to-date ones. A flood of persons came pouring into the information center with inquiries: what kinds of heating systems and what frames are available in the marketplace? And how could they obtain the subsidies? Some of the visitors already came with complaints: they had concluded contracts with a certain firm which engages in installing heating systems and window sashes, but they could not obtain the subsidy—they had been turned down. Why?

The center's employees explained that the state was not prepared to pay for just any repair, but only for one which would provide full heat- and sound-insulation for

houses. The goal was to economize on heat. And the specific firm which had entered into the contract was unable to guarantee such a quality. The center's experienced lawyers assisted the unlucky customers in canceling their old contracts and concluding new ones.

How does the society, with such a modest-sized staff, handle the enormous volume of work, especially with keeping tabs on all the items, products, and services in the country? The secret is simple: its activity rests on a firm legal foundation. In Austria there are about 200 laws which protect the consumer: laws on the safety of food products, on price limits, on unallowed tricks of competition, on the exchange and return of items purchased, and on compensation to be paid by firms for inconveniences to clients.

...The inhabitants of a small town reported that the caps of milk bottles being produced by a local plant caused injuries to the fingers when opened. Citing a law, the consumer society demanded that the packaging be replaced. This instruction was carried out immediately. Otherwise, the plant was threatened with many punishments, right up to closing it down. Based on a law, changes were made in the formula for washing substances: it was forbidden to use phosphates, and the content of chlorides was limited to a certain level, which must be indicated on the package.

It is easy to operate under the protection of laws. If the latter did not exist, the consumer society could hardly count on the effectiveness of its own demands. Stemming from this is the top-priority task for our country's consumers' union: to proceed with a number of legislative initiatives. We have still not adopted, and we are still working on completing a law on quality. And why is it not termed a law on quality in the interest of consumer protection? We can already impart to it a legal foundation on which we could base the new public movement, capable of significantly improving people's well-being.

FOOD PROCESSING, DISTRIBUTION

Reasons for Unreliable Food Supply in KaSSR Cited

18270007 Moscow PRAVDA in Russian 6 Oct 88 pp 1-2

[Article by A. Gutenev, G. Dildyaev and V. Ryzhkov: "Bread Winners' and 'Mouths'—Why Food Supplies Are Good in Some Oblasts in Kazakhstan and Poor in Others"]

[Text] Kazakhstan is large. Its size is shown not only by its various climatic zones, but also by zones varying with regard to the availability of foodstuffs. Some have store shelves which are a gastronomic delight to the eye. In others they are empty. In the regular series "Public Opinion" published in *Kazakhstanskaya Pravda* the fewest complaints about food supplies come from Tselinograd and Kokchetav oblasts, while there are more from Pavlodar, Semipalatinsk, Dzhezkazgan and Karaganda oblasts. Per capita, Kazakhstan's population consumes 64 kilograms of meat and 291 kg of milk, 6 and 31 kg more than in 1985. In Kokchetav Oblast, this same "per capita" ate 89 kilograms of meat, but in Kyzyl-Orda only 39 kg. What lies behind these figures? Readers are asking this puzzling and justifiable question. What are the reasons for the foodstuffs paradox? We set out in search of an answer.

We helped Anna Timofeyevna Kuzina get her heavy shopping bags into the aircraft. While the quiet AN-24 was flying to Karaganda, our fellow passenger gave us our first interview.

"I am taking items home, meat and oil. Twice a month they give 'rations' to my husband at the mine, but they is not enough. When it comes to food, Alma-Ata is not richer than Karaganda, but it is poorer than Tselinograd. We go there for sausage and smoked meats. It is a joy to the spirit to see what is in the stores there."

We became acquainted with the geography of "flying" meat: Alma-Ata, Tselinograd, Kokchetav, Kustanay. This is, so to speak, the random redistribution of foodstuffs. Can this process be managed? It can and must. This would relieve Anna Timofeyevna of heavy bags. It would be equally beneficial to the economies of oblasts linked by "meat" runs.

In Karaganda the foodstores are not notable for their abundance. Paradoxically, according to statistics, people in Karaganda consume more meat per capita than do people in many other oblasts in the republic. We will look at this paradox.

In the industrial oblasts there is a psychological stereotype: We produce coal, metal, machines, and other things. Agrarian oblasts should feed us. For many years this was so.

"The situation is no longer so dramatic," said A. Romanov, secretary of the Karaganda Obkom. "We fulfilled the half year plan for milk and meat production. The oblast was the victor of the All-Union socialist competition for winter season results. Quite a lot of food products were purchased from the population. However, there are many food supply problems. Ours is an industrial oblast, only 12 percent of the population works in agriculture, but we supply 10,000 tons of meat to USSR and republic stocks."

Today a large part of the meat and milk and almost all of the fish and fruit sold to the public is hauled in to the oblast. This is in accordance with food stock policy. Where can more be found? How can the shelves be filled. Today above-plan agricultural production remains with those who produce it. It can be exchanged for metals, construction and other materials..."

O. Soskovets, director of the Karaganda Metallurgical Kombinat, explained: "We acquired a partner, the Dalryb [Far Eastern Fisheries] Association. Today fish are sold not only at enterprises, but also at stores in Temirtau. Recently we signed a contract with agrocommittees in Uzbekistan, Belgorod and Taldy-Kurgan. We will get meat, sausages and canned goods from them."

Well, this experiment is interesting, but will it be instructive to others? Unfortunately not. Later we encountered episodes of a different order. Oblast leaders signed a contract with their colleagues in Tselinograd to exchange 50,000 tons of coal for 500 tons of meat. The partners kept their word, but the Karaganders did not.

For many years they lived on subsidies. Food "injections" filled the shelves. Also, this created the appearance of well-being in agriculture. At the same time in nearby Tselinograd and Kokchetav oblasts they were thinking about how to move ahead and to increase interest in local food resources. Rural cooperators filled the shelves of urban stores with a variety of eatables. The Karaganders should learn that their neighbors, who provide them with food, also supply others. But pride prevents this. The bare shelves in Karaganda's cooperative stores are dispiriting. They can be counted on the fingers. Although there have recently been improvements in meat purchases, there is still no place to store and process it. The construction of sausage shops began only recently.

There is no use flaunting the figures about the small percentage of rural dwellers. Ten years ago a higher percentage of the oblast's population was rural. If there are not sharp changes in the attitude towards the countryside's needs, the returns will decline even more. The neighbors have also moved ahead in the countryside's social development. For example, at the central farmsteads of sovkhoses in Tselinograd and Kokchetav oblasts we saw large stores, the likes of which one does not see along the central streets of Karaganda.

The situation is changing. Contracts for collaboration between enterprises and sovkhozes are based upon mutually beneficial conditions. For example, a citizen provides a cowshed, and the farm pays him in above-plan meat. However, the old practice is still seen. Adjustments are made in such contacts. The enterprises themselves are poor at subsidiary farming operations. Forty such farms in the entire industrial oblast—this is quite simply a miserly figure.

The sufficient food supplies in several oblasts in Kazakhstan must be viewed against what is frankly a poor background. In general, the condition of animal husbandry in the republic is not cause for joy. Compared against the average annual target for the Food Program, the results during the first two years the meat shortfall was 50,000 tons and the milk shortfall was 237,000 tons. Even "satiated" Kokchetav, Tselinograd and Kustanay oblasts are behind. To a great extent the poor feed base explains animal disease and low productivity. Milkers and livestock herders tears were shed and much meat and milk were lost so that gross grain output could reach round numbers for the sake of prestige (the Kazakhstan billion). The herd was put on semi-starvation rations. Store shelves were emptied. For this there was a regular meteor shower of medals

The main way to improve food supplies is to develop public animal production. There are many problems with this. They are being worked on, but they cannot be solved overnight. People must be fed today. Much is being done on this in Kazakhstan. This includes help in the more thorough processing of raw materials. Not only sirloin but also lard and entrails will be put on the shelves. The demand for assortment stimulated the processing industry's development. Its capacity increased most of all in Kokchetav, Tselinograd and Kustanay oblasts. Dozens of appetizing meat products are being produced there.

There is a huge "fast ripening" harvest of privately produced meat and dairy products. It was decided to "skim" it. In 1985 85,000 tons of meat were purchased from the population. The figure is now somewhat higher. There has been a sharp increase in herd size at private subsidiary farms.

Leases are being strengthened. At the Kapitonovskiy Sovkhoz more than 1,000 piglets have been distributed to people, some getting 5, some 10, while mechanic and machinery operator V. Vrem and his wife took 30. The conditions are simple: the sovkhoz builds the pigsty, provides concentrated feeds and veterinary service. The lessee is paid 1 ruble 80 kopecks for each kilogram.

T. Trakhsel, the Sovkhoz director: "We supplied 300 swine. This is an additional 40 tons of meat without having to build new capacity or finding workers. People will be better off."

Cattle are also being leased under similar conditions, profitable to farms and workers. Rural households are feeding 170 sovkhoz calves—an entire herd.

In Kokchetav Oblast they prefer to lease dairy cattle, obligating themselves to annually supply farms with at least 2,000 kilograms of milk per cow. One-third of all milk is now purchased from the population. This reduces losses during transportation and processing. Next year in the republic it is intended to construct 92 slaughter points in regions where large numbers of animals are raised. This will result in tens of thousands of tons of additional meat.

Half of the 64 kilogram per capita meat consumption goes to public food service, sold through stores at state prices. At these prices the shelves always have poultry and byproducts. People at any income level can shop here. The remaining meat products are sold at cooperative prices. The shelves are not empty and there is a selection.

They are happy about the abundance at meat and dairy sections at Kokchetav stores: there are all types of fresh meats, about 40 sausage and smoked meat items and 17 byproduct items. There are practically no lines at stores. Incidentally, local newspapers have many more advertisements from people in various cities in the country wanting to exchange their apartments for ones here. People will not move to a poor town.

We looked around at a market. It was built quite recently. There was a uniquely designed building. Without exaggeration one can say that other than in Alma-Ata there are no such markets in Kazakhstan. From early morning it is lively here. The city has lots of hotel space. Consequently, the covered shopping stall area is crowded with autos from Dzhambul, Tashkent, Chimkent, Frunze and other southern cities. The full shelves have an influence on prices. For example, fresh onions from the Chuyskaya Valley are 1 ruble 20 kopecks cheaper than the local cooperators' suggested price. Kokchetav residents pay a little less than their neighbors for tomatoes, watermelons, muskmelons and apples hauled in from other areas. Local cucumbers, potatoes, garlic and honey are inexpensive. This is no accident. State trade system stores, consumer cooperatives and forest industry operations are offering the same products. Participants benefit from this, sales are fast and easy on the nerves.

Oblast agroprom produce stores and stores owned by consumer cooperatives and poultry factories stand side by side on city streets. A large number of their products, especially meat, "duplicate" one another. There are differences in price and quality. Here the customer has the right to choose. Such competition is beneficial.

We went through the stores with M. Sagdiyev, first secretary of the Kokchetav Obkom. We must admit that this is the first leader we have met who knew produce store sales people by name and eagerly asked how business was.

The price for meat varies in Kazakhstan's cities. A kilogram of beef costs 3 rubles 20 in Kokchetav. This is cheaper than in Tselinograd. Prices are based upon specific conditions. There are many smoked meat and sausage making shops in the oblast. Here there is a wide selection of byproducts, which could simply not be found in other places.

The demands that the food problem made upon top leaders in oblasts, cities and regions became really strict in Kazakhstan. Many of those who couldn't deal with people had to turn over their offices to more active leaders. This is not the only reason that figures on how much was produced and sold are very important for party committee secretaries. The idea of oblast cost accounting is in the air. They not only have to deal with their own weaknesses, but also must enviously look at their neighbors' table: How did those people manage to get their grub. Why can some people not only live comfortably, but trade in foods. They calculate, compare and ask questions about which there was previously no interest. This is why S. Medvedev, the recently elected first secretary of the North Kazakhstan Obkom, asks why this oblast must send a higher percentage of meat to USSR and republic stocks than do the neighboring oblasts.

Given their practically equivalent natural-climatic conditions, why do grain yields on farms in North Kazakhstan and Kokchetav oblasts differ by 3-5 quintals per hectare? Questions, questions, questions. One thing is clear, there is still no scientific planning here, even though there has long been talk about normatives.

One is struck by other things. In discussions about food production and consumption, figures are "dancing" around. Differing ones are given in reports to Goskomstat [State Committee for Statistics] and to oblast leaders. A letter arrives at the PRAVDA press office in Alma-Ata: My family cannot have eaten so many kilograms of meat in a year.

T. Zhumasultanov, chairman of Kazakhstan Goskomstat, explains: "Up until 1972, calculations of meat product consumption did not include animal live weight or second category byproducts. Later these were included. Overall, it is a rough calculation. It is difficult

to record all product flows. We are now developing a new methodology. Everybody considers it advantageous to underestimate per capital meat consumption."

Perhaps it is. However, it is necessary to know this important social indicator precisely and not approximately, without any statistical blank spots and trickery. Also, this puts a stop to amateur boasting and voluntaristic decision making.

This April republic Gosagroprom sent a letter to the first secretaries of some party obkoms saying that farms lacked veterinary services and kept sick animals too long. This letter was sent to former first secretaries of North Kazakhstan and Kokchetav oblasts V. Stepanov and V. Demidenko. In both oblasts half of the infected livestock were kept in the herd, the same, or only a little better than previously.

This can only be called a criminal practice. It does not produce more meat or milk. People have to work with the sick livestock. So far nobody in the republic has been punished for this. In recent years there has been an increase in cows with tuberculosis at farms in North Kazakhstan Oblast. V. Demidenko, who was long the head of the oblast party organization here, is considerably at fault in this. Assuming the functions of oblast main veterinarian, he forbade the slaughter of sick livestock. What was the result of such arbitrary rule? Now farms in this oblast must immediately remove as many animals as must all remaining animal farms in the republic. There is still no veterinary station in the oblast. Incidentally, there is an alarming livestock health situation in other oblasts. Concern about food sufficiency is concern about good herds.

There is another factor retarding animal product output. It is a picture which has been familiar for many years. Towards the end of the year many farms which have fulfilled their delivery plans overfeed animals but do not haul these heavier animals to meat kombinats. What will the situation be in January? Chaos!

"Yes, it is damaging," reckons G. Malkov, director of the Ordzhonikidzeskiy Sovkhoz in Kustanay Oblast. "But if we deliver above-plan animals then next year our targets will be automatically raised over attained figures."

It's an old absurdity. Just when will these outdated procedures be replaced?

Kazakhstan is large, above all in potential. This must be fully used. Then there will be enough food.

GOODS PRODUCTION, DISTRIBUTION

Measures Sought To Increase Production of Goods

18270022 Moscow *PLANOVOYE KHOZYAYSTVO* in Russian No 10, Oct 88 pp 70-74

[Article by A. Levin, candidate of economic sciences: "Organizational-Economic Conditions for Increasing the Production of Consumer Goods"]

[Text] The problem of satisfying the population's demand for consumer goods continues to be very urgent. Its solution is important not only economically, but also socially, and even politically: to a great extent, the success of perestroika and its support by the entire nation depends upon this.

At the 19th party conference and the July (1988) Plenum of the CPSU Central Committee particular attention was paid to saturating the market with goods and services and satisfying the population's demand more fully. The July Plenum, in particular, assigned the task of creating a high-capacity consumer-goods industry within a tight deadline. During the remaining two years of the 12th Five-Year Plan we must increase the production of non-food consumer goods by 24 billion rubles above the amounts assigned by the five-year plan. The decree recently adopted by the USSR Council of Ministers, "On Measures To Increase Production and Speed Up the Saturation of the Market with Consumer Goods," outlined plans to achieve an output of non-food items in retail prices (excluding light industrial articles) of as much as 209 billion rubles by 1995, with an increase of 38 percent in the next five-year plan; light industrial goods would be increased accordingly by as much as 113 billion rubles and by 17.8 percent.

Unfortunately, no basic turning-point has yet occurred in the production of items corresponding to the demand of the population and of its diverse strata and groups. Although during the first six months of 1988 the plan for retail-goods turnover, in contrast to those of the past few years, was fulfilled (last year, for example, the total amount of its non-fulfillment came to 12.6 billion rubles), nevertheless, many items remain in short supply in trade; and their quality continues to be low. Certain ministries have not completely fulfilled their production plans. For example, radios were produced in amounts less than planned by 309,000, tape-recorders—by 114,000, sewing machines—by 60,000, and washing machines—by 111,000. And, on the whole, the supply of goods and services still lags behind the increase in the population's purchasing power.

The slow growth of consumer-goods production is to be explained, to a large extent, by the lack of coordination and the need for fine-tuning in the economic mechanism, as well as by insufficient incentives to develop consumer-goods production and the service field.

Along what lines does this mechanism need to be restructured? To our way of thinking, we must, first of all, improve the organizational structure of administering consumer-goods production.

In 1979 a network of pilot ministries was set up, each of which is responsible for the production of a specific group of items. For example, in the production of electrical appliances which make housework easier the Ministry of General Machine Building is the pilot ministry; in the field of radio electronics, sound-, tape-, and video-recording apparatus—the Ministry of the Communications Equipment Industry; in the area of motion-picture and photographic film, chemicals to develop them, and magnetic tape—the Ministry of the Chemical Industry, etc.

Furthermore, a large part of goods used for cultural and everyday purposes are also produced by enterprises of other sectors within Group A; these products are atypical for them.

In all, the pilot ministries are responsible for producing more than 200 groups of non-food consumer goods, each of which numbers hundreds and even thousands of specific trademarks. However, the diversity of an assortment of goods does not attest to its improvement. In the domestic market, as a rule, from three to seven models of each category of items are in good demand. The remaining models are basically and simply copies of them, as well as being significantly inferior in their technical characteristics and consumer properties. For example, the Chinar-2 household refrigerator, which is produced by the Baku Refrigerator Plant, though it has the same amount of refrigeration and freezer-compartment space, expends $\frac{1}{4}$ more electric power and weighs almost 30 percent more than the Biryusa-10, which is produced by the Krasnoyarsk Machine-Building Plant imeni V.I. Lenin. The specific amount of electric power expended to process 1 kg of laundry in various models of washing machines differs by as much as a factor of 3, etc.

As a result of the increased energy consumption by our country's durable goods, a considerable over-expenditure of electric power for everyday purposes has evolved; this could be substantially reduced if more improved models were produced. It has been calculated, for example, that, because of the high energy-consumption of our country's refrigerators, the annual over-expenditure of electric power for domestic purposes amounts to 6 billion kW-hours. This is almost twice the total annual electric-power output generated by the Sukhovskaya and Gelmskaya GES's [hydroelectric power stations] of the Angara Cascade. It is not difficult to imagine the cost entailed to society in producing other household appliances and devices, radios, etc. with their extremely high energy consumption.

There is also a substantial difference in the production costs of the same types of items produced at different plants. Thus, for example, the production cost of a Chinar-2 refrigerator is 25 percent higher than the production cost of a Biryusa-10.

The solution to all these problems is complicated by the fact that the production of the same types of models has been spread over many enterprises under various ministries and departments. Moreover, the pilot ministries themselves, as a rule, produce only a small proportion of the total amount of the items in question at their own enterprises. The vast majority of them are produced by enterprises under other ministries and departments, including untypical ones. For example, refrigerators are produced by the following five ministries: the Ministry of General Machine Building, Ministry of the Defense Industry, Ministry of Local Industry, Ministry of the Automotive Industry, and Ministry of the Chemical Industry.

The pilot ministries do not have the necessary rights and financial resources for conducting an integrated technical policy in all enterprises producing consumer goods. Moreover, they cannot always provide recommendations for optimizing the assortment of items even at one plant, inasmuch as it is often the case that this output has been assigned to and secured by several pilot ministries. For example, the Orel Rolled Steel Plant imeni 50th Anniversary of the October Revolution produces consumer goods (which are untypical of its output), which are secured by five (!) different pilot ministries. It is obvious that under such conditions the work in the pilot ministries and in their sub-departmental enterprises cannot be effective. Together with this, there has also been a growth in the administrative apparatus of the so-called untypical ministries engaging in consumer-goods production. At the present time special administrations (divisions) are being set up in these ministries for the production of consumer goods; such administrations are essentially superfluous links within the system of managing the production of the items in question; they duplicate each other. It is extremely difficult to coordinate the activities of such administrations (as well as those of their sub-departmental enterprises).

Implementation of the technical decisions (on the whole, progressive) adopted by the pilot ministries is quite often delayed for many years. For example, as far back as the late 1970's the former Ministry of Machine Building for Light and Food Industry and Household Appliances had developed a new, parametric series of refrigerators providing (based on raising the level of standardization to 85 percent and reducing by more than a factor of 4 the standard sizes of units and parts) for putting 19 models of refrigerators (instead of the present 60) into production. Up to now, however, this parametric series has not been put into production.

In order to eliminate these shortcomings, it would be feasible to upgrade the role played by the pilot ministries, to allocate to them the necessary rights and powers, and to put at their disposal the additional financial resources required to carry out an integrated technical policy. Such resources could be created at the expense of targeted contributions from the funds of the untypical ministries.

As to administration at the level of the enterprises themselves, here (for technically complex items) it would be feasible, based on the major, specialized enterprises, to create large-scale, inter-sectorial combines and firms to produce these items, sell them to consumers, perform post-sale services, and conduct scientific and technical research on developing new types of items.

In light industry we should also organize large-scale combines (instead of individual, specialized enterprises). They should carry out the entire production cycle, from processing the raw materials to turning out the end product; they should have in large and medium-sized cities their own company-type stores for selling their products, studying the demand for them, and bearing the entire responsibility for the population's needs for the products in question.

We must likewise provide within their structure for scientific sub-divisions which will develop new kinds of raw materials and finished goods, put the latest technology into production, etc. Thereby we will ensure the direct inclusion of science in production.

For example, in garment production it would be feasible to combine enterprises of the three presently independent sectors—spinning, textile, and sewing—into such combines, and to have company-type stores selling the end products to the consumers. In footwear production, there should be, correspondingly, leather plants, shoe factories, and company-type stores. In furniture production—wood-processing plants, furniture factories, and company-type stores, etc. The experience gained in organizing such combines within the agro-industrial complex has shown their high degree of efficiency.

We must evaluate the activity of such combines by their output of end products in accordance with consumers' requirements, i.e., by the degree to which they satisfy the demand for these products.

Creation of such combines would remove the unnecessary departmental barriers which, at the present time, greatly hinder us in developing the production of non-food items. Nowadays, for example, garment factories cite (and not without justification) cite the poor quality of raw materials. But the latter are produced at spinning and weaving mills, which are not only not directly subordinate to the garment enterprises (although they do work in them), but are actually under the jurisdiction of a completely different ministry. Under these conditions it is quite difficult for the garment people to influence their colleagues in closely related fields.

Furthermore, this would allow us to reduce the administrative staffs of enterprises, inasmuch as the entire administration would be concentrated in one unit instead of the presently existing two or three. And those

particular ministries which now specialize in producing an intermediate, semi-finished product (for example, the Ministry of the Textile Industry) would become unnecessary.

We likewise need to substantially change the entire system of planning consumer-goods production. At the present time it is keyed to the gross-volume indicators, but on the production line itself the expenditure-outlay mechanism continues to operate. This not only slows down the development of consumer-goods production and retards the processes of improving the assortment and upgrading the quality of these items, but also leads to "washing out" the inexpensive assortment; and it tends to increase the retail prices on items, which are all-too-often produced without a corresponding improvement in their quality and consumer characteristics.

An enterprise is presented "from above" with gross-volume indicators for the output of these goods in retail prices. In order to fulfill these indicators, many enterprises prefer to take the easiest path—to set raised prices on new items (those with the N index), all the more so in that enterprises now have such a right and are taking advantage of it very extensively, conferring the N index even on those articles which are not essentially new. The artistic councils of enterprises frequently establish these "indexes" without taking into account the newness and quality of item and utterly ignoring the interests of the consumer, who must, under the conditions of a commodity shortage and a producers' monopoly, pay unjustified surcharges for the N index.

An increase in the volume of items being produced in retail prices (but not in physical terms) occurs basically at the expense of new items as well as particularly fashionable items, which are sold at raised, contractual prices. For example, during the first six months of 1988 the output of light industrial items in retail prices increased in comparison with the same period of last year by 3 billion rubles, or by 8.5 percent. However, according to data of USSR Goskomstat [State Committee for Statistics, virtually all of this increase was provided by means of the production of goods with the N index and particularly fashionable items, sold at contractual prices.

This process could be somehow justified if the raised prices had been set on genuinely new items, possessing improved consumer qualities. However, the quality of items which have been awarded the N index and even the State Badge of Quality leaves much to be desired. For example, of all the furniture produced by a certain Ukrainian furniture factory and checked up on by the state inspectorate, 74 percent of everything delivered was defective. Moreover, 80 percent of the defective items were on the N index and had the State Badge of Quality.

And, of course, the population pays for these "indexes" and "badges" out of its own pocket! For example, in one year alone consumers over-paid by almost 170 million rubles for items on the N index produced by light industrial enterprises in the Belorussian SSR.

In order to hold the line on price hikes and the process of "washing out" the inexpensive items, it is necessary, first of all, in my opinion, to exclude from the state plan the volume indicator of consumer-goods production in retail prices and not to present the corresponding indicators to ministries and departments. Moreover, we must be more rigorous in approaching the awarding to items the N index and the State Badge of Quality, which give enterprises the right to add a surcharge to the retail price. With regard to technically complex durable goods, it would be feasible to transfer this right to special, inter-departmental commissions, consisting of representatives from industry, trade, organs of price formation and standardization.

Of course, the creation of such commissions would be a temporary measure. If the market were to be saturated with goods and monopolism by enterprises were to be eliminated in all of its manifestations (including those in the price sphere), the necessity for such commissions would disappear, and prices could then be set by industrial enterprises upon agreement with the trade organizations.

The same procedure should be followed with the State Badge of Quality. To be sure, certain economists consider it feasible to do away with this Badge altogether. We do not share their opinion. National badges of quality are utilized in many countries. Moreover, certain developed capitalist countries refuse to import products (including consumer goods) unless they bear such a badge. Elimination of the Badge of Quality in our country could lead to a reduction of the competitiveness of Soviet products in foreign markets.

The measures which we are proposing here are aimed principally at restraining the unjustified raising of retail prices and bringing to a halt the process of "washing out" items in the inexpensive assortment. However, the problem of stimulating their output is no less acute.

It is always more advantageous for enterprises to produce expensive goods rather than inexpensive ones, inasmuch as the former allow them to obtain a greater absolute total of profit. But consumers, particularly those groups which are less well-to-do, need inexpensive goods. An inevitable contradiction arises between the interests of the producers and those of the consumers. We need to solve it so that the interests of both do not suffer.

This can be done by means of a favorable tax policy with regard to those enterprises which increase the proportion of inexpensive consumer goods within the total volume of production. For such enterprises it would be feasible

to establish lowered norms of payments from profits into the budget, to higher-ranking organizations, etc., to grant them credits on favorable terms, to reduce the norms of payment for producer goods, and to leave a greater proportion of the profits at their disposal.

Solution of the problem under consideration could also be facilitated by a widespread use of new, progressive methods and forms of production organization, and, above all, by leasing relations. The need for their universal development was discussed at the July (1988) Plenum of the CPSU Central Committee.

In order to stimulate production of inexpensive goods by collectives specializing in their production, we could set up reduced leasing payments and taxes on condition that the leasing collectives would not inflate prices on their products.

In the production of non-food consumer items leasing relations have not yet become widespread, although there are quite a few enterprises here operating at a loss or with low profits. Leasing could be practiced with regard not only to enterprises operating at a loss, but also individual workshops producing these items, as well as those included within large-scale industrial enterprises of Group A.

Converting collectives to leasing arrangements could be handled on a competitive basis. Participants in such a competition would have to present a program for restructuring the work of the enterprise or shop operating at a loss. And only after a multi-faceted analysis of these programs by competent commissions should that collective be selected which ensures the best indicators of economic growth.

The measures enumerated above, which from our point of view, would facilitate the solution of the problem of more fully satisfying the population's demand, averting a rise in retail prices, as well as the "wash-out" of inexpensive items; they would also upgrade the quality of items and have a direct bearing on production. However, all these processes could also be influenced, and, moreover, quite effectively, from the opposite side—from the side of the consumer.

At the present time the population as a collective consumer does not have at its disposal any sorts of rights or opportunities to influence production; it is helpless in the face of the producer's dictates, which unjustifiably raise prices and produce goods of low quality. Nevertheless, the consumer ought to have reliable social protection against such phenomena. Special consumers' societies, consumers' unions, could become the means for such protection.

The idea of creating consumers' societies is not a new one. It was first stated by V.I. Lenin as long ago as 1920. He noted that consumers through appropriate societies should become systematically involved in monitoring

production (see V.I. Lenin, "Poln. sobr. soch." [Complete Works], Vol 40, p 190). Unfortunately, this Leninist idea remained forgotten for many long decades, and practically nothing has been done in this regard in our country. Meanwhile, consumers' societies (or consumers' unions) were established long ago abroad. In the United States, for example, a consumers' union has been actively functioning since the mid-1930's. At the present time such unions have been set up in more than 80 of the world's states, including those in a number of socialist countries (Poland, Hungary, and Czechoslovakia). An international association of consumers has even been organized; it includes dozens of consumers' unions from various countries.

Very recently the first (and extremely timid) steps along these lines were made in our country. At the beginning of 1988, upon the initiative of the AUCCTU, the weekly NEDELYA, and the Union of Designers, a customers' club was founded. However, its council includes merely an insignificant number of representatives of state, scientific, and public organizations.

In our opinion, the consumers' movement in defense of its own rights should become nationwide, a matter for all the people. It is necessary that their unions be independent, public organizations and not subordinated to any kinds of departments.

We must prevent the possibility of their being excessively over-organized. Consumers' societies must be created "from below," upon the initiative of the consumers themselves, and organized according to territorial criteria—in cities, villages, and rayons. It is possible to combine these lower-level consumer societies into unions at the oblast and republic levels; and only then should we establish a central consumers' union; the latter must operate on public or cost-accounting principles.

The task of the consumer societies would be to monitor production, trade, and the service field (moreover, not merely the state enterprises, but also cooperatives), the observance of the regulations of trade, municipal, and other services, the correctness and justification for setting prices on goods and rates for services. They would also be able to introduce, in the name of the population, proposals regarding improvements in the assortment of goods and services, protect and defend the interests of individual customers who have become the "victims" of rude service or trickery on the part of trade employees, or those in the service field, etc.

They would render aid to state organizations in their activities aimed at improving the quality of goods and services, at preventing unjustified price hikes and "wash-outs" of the inexpensive assortment. It is obvious that with the joint efforts of the state organizations and the public consumers' associations these problems would be solved more successfully than is now the case.

The higher units within the system of consumers' societies (for example, the oblast, republic, and central unions of consumers' societies), to our way of thinking, ought to participate directly in examining the questions of raising retail prices and rates. Without a "permit" from the appropriate consumers' unions not a single decision should be taken (neither at the overall state level, nor at the level of the local organs of authority) concerning any substantial increases on goods or rates for services affecting the material interests of broad

strata of the population. And if such increases prove to be inevitable, then they must be promulgated not secretly, without informing the consumers beforehand, but openly, with an explanation of the economic reasons causing them. As a result a truly democratic participation by the population in solving the problems of price-formation will be assured.

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HOUSING, PERSONAL SERVICES

Comparative Statistics on Housing Conditions Presented

18270005a Moscow IZVESTIYA in Russian 4 Sep 88
p 2

[Article by V. Tolstov: "Housing Conditions in the Country's Major Cities"]

[Text] According to the latest data of the USSR Goskomstat [State Committee on Statistics], the population of Tallinn is in first place among the residents of the union republic capitals and the country's major cities in terms of housing conditions.

	Average provision of living space for the population	Number of families and individuals on the waiting list for housing	
	(sq. meters)	thousand	In of number of urban families
Alma-Ata	8.9	49.7	15
Ashkhabad	6.8	23.6	26
Baku	7.9	68.7	26
Vilnius	9.7	36.3	21
Gorky	9.6	123.1	27
Donetsk	9.9	75.3	22
Dushanbe	7.5	31.3	22
Yerevan	7.5	42.0	16
Kiev	9.6	208.4	26
Kishinev	7.9	69.5	32
Leningrad	10.6	282.9	20
Minsk	8.9	134.6	28
Moscow	10.7	344.8	12
Novosibirsk	9.0	111.6	25
Odessa	8.5	80.4	23
Riga	10.8	75.7	26
Sverdlovsk	9.2	130.6	31
Tallin	11.8	25.4	16
Tashkent	8.2	60.1	12
Tbilisi	9.5	59.0	19
Frunze	7.9	31.8	17
Kharkov	9.7	113.4	23

On the average, for each city resident in the capital of Estonia there are 18.3 square meters of overall living space, and 11.8 square meters of housing area. This is significantly higher than the average throughout the country, and is about a meter more than in Moscow, Riga and Leningrad, and two meters more than in Kiev, Vilnius and Tbilisi. The difference is even more significant in comparison with other cities.

Of course, even in Tallin, despite the relative well-being, the housing problem is still far from resolved. Sixteen percent of the families here are on the waiting list for apartments.

The stagnation which has hindered the productive forces of our society has been felt most acutely in the sphere of housing construction. There was a time in the 1950 and 1960's when the rate of housing construction reached such a level that, had we subsequently retained it, the housing question today would not be among our most acute social problems. Had it not been for the stagnation, today our country would be one of the world leaders in terms of housing provision. We would have an average of over 37 square meters of overall area per person. Yet today not even every family lives in an apartment of that size.

It is important for everyone to have not simply a roof over his head, but a sufficiently spacious apartment or individual house. This is because the number of square meters [of living space] is closely tied with the health of the people, the life expectancy and the demographic processes in society. Specialists have noted that a family which has an apartment with about 9 square meters of living space per person is 1.5 times more prone to having a second child than a family having less than 7 meters per person. Also, the possibility of the child's getting sick is reduced with each "extra" meter in the apartment.

According to the computations of the TsNIIEPZhilishcha [Central Scientific-Research and Planning Institute for Standard and Experimental Housing Design], the size of the apartment ceases to have a negative effect on the health only when there are 12-13 meters of housing area and 20-21 meters of overall area per person. As we can see from the table, the average provision of residents of major cities throughout the country has not yet reached this level. And although it seems that it is quite close and the difference often comprises only about 3-4 meters, nevertheless each average statistical square meter of housing entails expenditures of billions of rubles and years of persistent labor necessary for the fulfillment of the housing program by the year 2000.

Opinion Poll on Cost Increase for Living Space

18270005b Moscow ARGUMENTY I FAKTY in
Russian No 38, 17-23 Sep 88 p 4

[Article by A. Krivoruchko, sociologist: "Are They Excess Meters?" Results of ARGUMENTY I FAKTY telephone survey. First two paragraphs are source introduction.]

[Text] Question: "Should the cost be increased for excess housing area?". This question was presented to 1,136 Moscow residents in the course of our regular telephone survey.

What was their opinion?

—62.8 percent of those surveyed evaluated this measure as being fair and long overdue.

—23.9 percent expressed the opposite point of view.

—13.3 percent of the respondents were undecided.

Increasing payments for excess living space is a rather delicate and complex problem which requires a substantiated and differentiated approach. It is therefore no accident that we were often asked the question in return: "And what should we consider to be an excess?" Many people stressed that we should first define the size of the excess areas subject to additional payment, and then determine who they belong to.

The most varied opinions agree on one thing: excess space is left, first of all, in the residences of elderly persons whose children have grown up and are living separately. In the opinion of the respondents, for this category the increase in payment for "excess meters" may prove to be a rather painful blow to their modest budget.

Secondly, there may be excess space held by those who "possess various undeserved benefits". In this case, the opinion of those surveyed was unanimously and categorically: "not only should we increase the payment, but also take away the excess".

Of those who gave expanded responses, 23.3 percent spoke out in favor of a differentiated approach to the solution of this problem.

Also, more than 10 percent believed that the quality and level of comfort of the residence itself must be taken into consideration. The most characteristic comments of this survey group were: "the price should be increased for high class apartments", "we should consider the category of the house: there can be a good 2-room apartment, and there can be a 3-room hovel", "for a square meter in a barracks and in an improved house to cost the same, that is absurd".

Approximately 10 percent pointed out the need to consider the income level of the residents. "On the whole this measure is fair, but we should introduce benefits for elderly persons for whom it would be hard to pay".

The others noted that there are certain categories of people who need additional space. For example, these would be people who work under difficult or harmful conditions, those suffering from serious chronic illnesses, invalids, etc.

Many of those surveyed pointed out the fact that the indicator of housing provision which is currently in effect (the number of square meters of housing or even overall area per person) does not reflect the actually existing differentiation in housing conditions. "I have lived in a communal apartment for 30 years, and because of an excess 80 centimeters I cannot get on the waiting list." Evidently, the time has come when in order to

achieve correct and fair distribution of housing we must use not one indicator, but a system of indicators which would comprehensively characterize the housing conditions.

Some respondents expressed their ideas on computing the excesses. "If the indicator for provision of housing which we adopt is the individual apartment for a family, then the unit of excess should be considered not the number of square meters, but a room." "I believe that these are not excesses when one person lives in a one-room apartment, even if it is 30 meters, and two people—in a two-room apartment. But if one person lives in a two-room apartment, then the smaller room should be considered an excess."

Many respondents stressed that increasing the payments for excesses would motivate many people who have such excesses to turn to the local Soviets with requests to exchange their apartments for smaller ones.

In connection with this, proposals were expressed regarding the creation of a state housing exchange service, which would effectively ("and not like now") solve this problem, would give those who need it help in moving, in settling in to their new place, etc.

I would like to join in the opinion of some of those questioned who believed that "if the increase in cost for excess space is one of the components of the integrated program on housing, then this measure is fully justified. If, however, it is the only one—then it is not."

Many respondents associated the question of excesses with the broader problem of fair distribution of housing. "Rather than increase the cost, we should strictly control the distribution of housing and bring to criminal responsibility those who use it for extracting unearned income."

As it became clear in our survey, over 15 percent of the respondents had direct experience with unfairness in housing distribution.

Many respondents presented examples where people who had good housing conditions received new state apartments, leaving the former ones to their adult children and grandchildren, while those families who were really in need of housing were forced to stand "in endless lines."

An analysis of the responses clearly testifies to the fact that unfairness in housing distribution is felt most acutely when it is left to the discretion of the enterprises and departments.

"I consider myself insulted. I worked 40 years at the plant, but they would not give me normal housing. They offer only a ZhSK [housing-construction cooperative], while our management has 2-3 apartments for each family".

And now—how does public opinion evaluate the income obtained from subletting housing?

Sixty-three percent of those surveyed considered it unearned. Usually such an evaluation was accompanied by emotional comments: "that is a disgrace," "the most clear speculation," "robbing the state," and by demands which at times bore an extremist tone: "for that they should be punished and exiled from Moscow," as well as by the desire to see the creation of a state service for subletting apartments.

11.3 percent of the respondents expressed no doubt as to the earned character of this type of income. As a rule, they did not elaborate on their responses.

19.6 percent gave an ambiguous evaluation. Their reasoning may be grouped as follows:

- the income is labor-related (earned) if the leasing of the apartment is officially formulated;
- if the living area is sublet at speculative "exorbitant" prices, then such income is unearned. If, however, the lease is concluded at "moderate" prices, then such income was considered earned;
- if the apartment is state-owned, it cannot be sublet. That would be speculation. "If, however, we are speaking of a cooperative apartment or an individual house, then there is nothing wrong in that."

LABOR

UkSSR Trade Minister on Reasons for Uneven Sector Growth

18270018 Moscow SOVETSKAYA TORGOVLYA in Russian 8 Sep 88 pp 1-2

[Interview with A.S. Statinov, UkSSR Minister of Trade: "What Is Holding Perestroyka Back?"]

[Text] [Question] In your opinion, Anatoliy Sergeyevich, what is not moving to the forefront of perestroyka in trade?

[Statinov] From my point of view, under the new conditions of economic management, a trade employee's competence, sense of initiative, and motivation to achieve high end results are now moving to the forefront. It's no secret that during the decades when this sector's work was strictly regulated we lost these qualities for the most part. The sector felt as if it were in a narrow corridor—it could not turn either to the right or the left from the numerous prohibitive instructions.

Collecting and contributing all earned funds to the budget got people out of the habit of accounting for and analyzing the results of their own work. In other words, it engendered indifference toward one's own work. In trade we lost the merchant type of businessman, the employee who was fond of his own work, who knew how to foresee, to predict market shifts and react to them in time, to make the necessary decisions with regard to shifting the mass of commodities about depending upon the evolving business and market conditions, to constantly seek out ways to speed up the rate of commodity turnover and, consequently, also to obtain a greater total gross income.

All this must be learned by the sector's employees "on the go," since the time for training and for mastering the new economic-management mechanism is extremely small. Furthermore, a number of its provisions, just during the first year of its application, have been revised twice.

The main thing on which we are now working is the study and coordination of the demand and supply of goods. Because, of course, in order to keep daily tabs on millions of items and their varieties being bought by trade from thousands of suppliers, as well as the formulation of their production programs, we must know precisely what has been bought, when, and at what price. It's impossible to operate without this.

Unfortunately, the only entity in this country presently engaged in this large-scale task is the USSR Ministry of Trade's VNIKS [All-Union Scientific Research Institute for the Study of the Population's Demand for Consumer Goods and Business-Trade Conditions] and its branches in the union republics. Our country with its huge market has practically no specialists in marketing. The need for

consumer goods is determined, just as it was many years ago, "by eye" by approximately 1500 industrial officials and approximately 4,000 trade specialists. Moreover, many of them engage in marketing on public principles.

That's why in the Ukraine preparations are now under way to establish a republic-level center for marketing activity. It will include sales subdivisions and industrial services, appropriate subdivisions for wholesale and retail trade, specialists from scientific-research institutions, computer centers, directive organs (Gosplan, Goskomstat, Goskomsen) and their oblast-level subdivisions, intermediate organizations: advertising, transport, and other participants in the process of selling goods. With such an approach, marketing should be transformed into a leading function, determining not only sales but also production policy, the style and character of administering all trade activity.

There's another problem. Our sector, unfortunately, still has a large proportion of manual labor, a weak material-technical base, an acute shortage of equipment and the means of mechanization. And, of course, everybody knows that more than 80 percent of its employees are women. Particular emphasis was placed on this by the recent decree of the USSR Council of Ministers entitled "On Urgent Measures for Improving Trade Services to the Population." In order to improve their working conditions, this decree demanded that trade make sure that foodstuffs be delivered in packages weighing under 15-30 kilograms. This must be done by the suppliers. We understand that such a decision must be reinforced and supported by a great deal of effective organizational work on our part, by rigorous monitoring controls, and the energetic introduction of progressive technologies in this sector. This same decree has opened up great new possibilities for this purpose.

We're also confronted with the task of eliminating serious shortcomings and contradictions in wholesale price formation, in delivery rates and conditions, as well as the provisions regulating the introduction of packaging equipment. Inasmuch as cost-accounting relations between the suppliers and the consumers are regulated, as you know, by Union normative documents, it's obvious that, in solving these problems, we need more effective actions than are now the case along these lines by the USSR Ministry of Trade.

[Question] How do you evaluate the progress being made by perestroyka in this sector? What is being done by your ministry to render all manner of support for innovation and to dismantle the "braking" mechanism as rapidly as possible, and to replace it by an "accelerating" mechanism?

[Statinov] I cannot say that, as the minister concerned, I am satisfied with the pace of transformation and change in this republic's trade sector.

Inertia is still strong. To a certain extent, this is understandable. For decades independence was stifled among trade employees, and during this recent brief period of time it's not so simple to change the deeply rooted stereotyped thought of "It will be given to us" to "We must earn it." We need a certain period of working under the new conditions of economic management so that every employee in this sector—from a store worker to the minister—may come to feel that his material well-being will depend upon the results of his own work and solely on this.

For the sake of fairness, let me note the following: something is already being done in the republic-level trade to affirm the new thinking. This goal is being served by economic schools, economic universal education, practical classes with all categories of employees on the results of work in stores, trade, and administration. Also yielding their own results are seminars on the dissemination of progressive experience in trade, along with various forms of contracts and other measures of this type. But we need to be even more concerned about the effectiveness of each of these forms, to clean off from then the thin coatings of "campaigning" and formalism. And so we're still just at the beginning of the path.

A year of operating under the new conditions has revealed many shortcomings in the way economic management is being conducted, and this was serious pointed out to us at the collegium of the USSR Ministry of Trade. We were obliged to sharply reduce distribution or marketing costs and to increase gross revenues—that is, to achieve a situation whereby the anti-expenditure mechanism can truly function.

Within the bounds of its own competence and rights, this ministry has removed all possible prohibitions binding the initiative of trading units, administrations, and work collectives. They have been granted complete freedom of action. Now we have undertaken to exercise rigorous monitoring controls on such work in the localities, holding strictly accountable those who are responsible for it.

[Question] Can it be said that bureaucratic methods of management in the staff of the sector and in its staffs in the localities have been eliminated?

[Statinov] According to Dal's dictionary, the word "bureaucracy" signifies an administration dominated by the principle of officialdom and subordination by rank, the dependence of every service person upon the next higher one, and, moreover, a great deal of paperwork. A bureaucrat is a defender of this mode of administration.

If we proceed on the basis of such a definition, then a certain amount has already been accomplished in eliminating bureaucratism in this sector.

In the first place, there has been a change in the existing procedure for appointing the leading officials of enterprises, trade units, trusts, administrations, and other subdivisions. Elections of such officials by representatives of workers' collectives or by the workers' collectives themselves are a substantial blow to bureaucracy. An official who has been elected is more independent of the "higher-ranking service person"; he is accountable to his own work collective. A "higher-ranking service person" no longer has the right to fire such an official with the stroke of a pen or even to demote him within the position which he occupies. That's a departure from "subordination by rank."

The system of electing officials in the collectives raises their responsibility for work results and frees them in making these or other decisions. We will continue to support this process by all measures.

In the second place, the break-up of the bureaucratic hierarchy has been facilitated by transferring to the localities the functions of distributing plans and funds among the trade systems, as well as the right to dispose of the above-plan products of livestock raising and raising fruit and vegetables. It has also been shaken up by decentralization in distributing the number of employees, wage funds, expenditures in maintaining apparatus, etc.

And, in the third place, the sector is continuing to reduce its administrative apparatus. In the USSR Ministry of Trade, for example, the central apparatus is being reduced by half. Naturally, this requires radical changes in the maintenance of its activity. An employee of this ministry's apparatus must have a multifaceted competence, he must be a unique kind of consultant, and a guide to everything innovative and progressive. Because, of course, now he will receive his salary not for "generating a great deal of paper with writing on it," but rather for implementing ideas and for the mass introduction of advanced working methods. And this is likewise a visible blow at bureaucratic methods of administration.

I cannot help touching upon the following matter. Everyone knows how much time trade employees at all levels even now spend on preparing data and information for persons checking up on them. Just about everybody checks up on trade. No sooner have one group of controllers leave, than others appear during the very same hour. And, more often than not, there is hardly any benefit from them: most of the persons doing the check-ups hardly penetrate at all into the gist of the matter, but instead demand merely a strict observance of instructions and orders, often already "dead-letter" items. Isn't this a tribute to bureaucratism which has been preserved?

But it seems that the ice has started to move even here. Recently trade has become increasingly free of the instructions which bind it, of the decrees, orders, and norms which contradicted the Law on State Enterprises

and the new conditions of economic management. It's no joke that the UkSSR Ministry of Trade's commission on revising normative acts studied approximately 700 departmental dispositions from previous years! And it came to the conclusion that more than 300 of them limit the rights and independence of trade enterprises and organizations, and, therefore, should be completely abolished. It also prepared proposals on recognizing the invalidity of 67 party and government decrees pertaining to trade and public dining.

Under the new conditions of economic management, when each collective is subject to the following conditions: "Earn for your own existence," it seems to me superfluous to bring to their attention such indicators as the normative correlation between the growth rate of goods turnover and the wage fund, or the state order on goods turnover. They have simply outlived themselves. Or take, for example, planning from monetary revenues rather than from the volume of consumer-goods production. It seems to me that this is basically incorrect. Because, you know, this is also the source of what we term "imbalance."

And if we analyze the matter in more depth, then it turns out that this indicator brings nothing but harm. Fulfilling the plan at any cost, without any coordination with economic indicators, has, to a large extent, facilitated worsening the cultural standards of trade, the distortion in the evaluation of the collectives' work, and, at times, even engendered the ugliest forms of trade.

Perestroika in administrative work is hampered by the shortage of computer equipment; many labor-consuming computations must be conducted by the old-fashioned way. For example, in order to collate the state orders for 1986 re the delivery to trade of non-food items (not counting light-industrial goods), specialists in the administration of trade in economic, cultural, and household items had to compute practically by hand the indicators for approximately 4,600 industrial enterprises under 100 ministries and departments in a cross-section of 25 oblasts and the cities of Kiev and Sevastopol. More than 400 million operations were carried out. And during the course of a year such a manual computation must be conducted several times, since the state orders even now have not yet been fully allocated.

In order to completely "overthrow" bureaucratism, we also need complete, and I emphasize this "complete," independence. So that the principle which was affirmed at the 19th All-Union Party Conference to the effect that: "Everything is permitted which is not prohibited by law" may become firmly entrenched in our activity.

But this is still far from always being the case. Take, for example, the limits on issuing credits to trade organizations. Why have such limits? Let the following principle be in effect: If someone needs credit, let him take it at a certain rate of interest. If he fails to pay back the loan on

time, make him pay a fine. If the money which he received was not put to good use in circulation or was squandered, no further loans will be issued to him without a guarantee.

Here's another example: the presently existing standard contract agreement for eggs and poultry. In former times, when the principal suppliers of such products were the kolkhozes and the Ministry of Procurement, it is possible that the system of contract relations justified itself. But nowadays, when these products are supplied basically by state poultry "factories," the contract agreement has become simply a hindrance to normal contractual relations. After all, in practice all products are shipped directly to the consumers by the poultry "factories," whereas any fines regarding poor quality, lack of standards, or failure to meet the shipment deadlines are paid to the organization of our meat-and-dairy trade unit. So why not convert the poultry "factories" to the principle of a delivery agreement? After all, they are not supplying raw material but rather a finished product. Our several appeals to the appropriate Union organs have so far remained unheeded.

[Question] What measures have been adopted or are in the process of being adopted for carrying out the following demands of the 19th All-Union Party Conference: introduce the principles of reform to every primary collective, to every work place, and sharply intensify people's motivation to achieve the highest possible end results?

[Statinov] I consider that the principle that the thesis of "How you work, so shall you receive" has already entered the consciousness of this sector's employees. The initial results, although they cannot be called fully satisfactory, do, however, give cause for hope. The employee has begun to show a lively interest in the labor results of his own collective. This is attested by the rate of growth in goods turnover, which from January to July of this year amounted to 5.6 percent for the republic, higher by a factor of 2.3 that it was for the analogous period during the years 1986-1987.

Here in our republic, however, we still have many unsolved problems. In our opinion, the chief ones are the following: a lack of precise methods recommendations regarding the introduction of internal cost accounting at each work place. And this problem is acute, obviously, not merely in trade. The principles of cost accounting have achieved harmony at work in this sector only at the organizational level; such harmony has not been attained by cost accounting at the lower-level structural subdivisions or trade units.

And it is necessary that the sectorial science, as well as the USSR Ministry of Trade, speed up the development of recommendations regarding the introduction of internal cost accounting so that they may be approved without delay and arrive at the localities more rapidly.

[Question] V. Zhitinskiy, party buro secretary of the Poltava Oblast Trade Administration, has written in our newspaper that despite the assertion by this republic's Ministry of Trade to the contrary, the gap between the plan for goods turnover and its coverage is considerable. Analogous reports are also coming in from other oblasts in the Ukraine. What is the cause of such a situation, and will we manage to turn it around by the end of the year, or at least substantially correct it? In particular, what is the UkSSR Ministry of Trade doing to bring this about?

[Statinov] The problem of imbalance in the plan for retail-goods turnover does exist in this republic, it must be admitted straightforwardly. Just during the period from January through July of the current year goods worth a total of 516 million rubles less than the amount of sales planned for this period actually entered the trade system. And this takes into account the fact that in the localities additional goods worth about 700 million rubles were sought.

The reason for such a gap is as follows: on 1 August the trade organizations were unable to conclude agreements on goods worth more than 1.2 billion rubles included in the state orders.

But is trade guilty of all this here? When we visited the oblasts, we ascertained that certain enterprises had irresponsibly included in the state order for production and delivery to the market goods comprising sets of items designed with the cooperation of other enterprises, as well as items for extra-market consumption in a sum-total exceeding 900 million rubles, while in the remaining cases they have turned out to have concluded agreements with trade, citing a lack of provision with regard to raw materials, other materials, and production capacities.

Unfortunately, neither the active intervention in this problem by the UkSSR Council of Ministers nor our own measures have brought about any substantial results.

But it may be that such a situation will be repeated next year. To our request that the amounts of state orders for 1989 be reported, practically all the union ministries have replied that they do not have such information at their disposal, and they promised to furnish them later, without specifying any deadlines. As a result, the Ministry of Trade has been deprived of the possibility of carrying out monitoring controls on agreements concluded in the localities with enterprises to deliver goods, and, of course, you know, that all the republic and inter-republic level fairs, for example, for purchasing items for household and cultural use have already been held.

We assume that in this situation USSR Gosplan and USSR Gosplan should specify, finally, a products list for household, cultural, and other everyday items to be distributed in a centralized procedure, and report on this

to the Councils of Ministers and the trade ministries of the union republics. It's extremely important that the state order reach the Councils of Ministers of the union republics for delivering non-food items to the market three months prior to the holding of the wholesale-industrial fairs, that they be cleared of items in sets, items for extra-market purposes, and light-industrial goods, and that the industrial enterprises prove to be provided with actual raw materials.

And let me ask myself one more question, and I myself will try to answer it: Just how should we prop up the prestige of the trade occupations, which have lost it to a great extent? How should we see to it that the splendid, honest employees, such as the majority in our sector are, should cease to be embarrassed at times to even state the place where they work?

I can already hear how some people will answer me on this one: all this is in the hands of the trade employees themselves; by their own work and by their own attitude toward the business they can turn the opinion about them around. Yes, that's so. But let's also consider another aspect. Everyone in this country wants rapid changes in trade. And if that's true, then it's very important, along with demanding high standards of trade employees, to likewise exhibit an attitude of respect toward them. It seems to me to be in the interests of our entire society to ask the following question of trade employees everywhere in the localities: how can we help you, comrades? After all there are so many unsolved problems: providing housing, creating normal working conditions and those of a productive daily life, mechanization of labor-consuming operations, not even to mention ensuring a smooth flow of goods.

To my way of thinking, the distortions in the population's attitude toward trade employees, their far-from-always objective attitude toward them, have come into being with some participation by the press, radio, and television. And if they address the topic of trade, they are, as a rule, negative. But the problems and difficulties of this sector attract the mass media much less frequently.

We're not at all attempting to secure for ourselves the status of a zone closed to criticism. But let the writers, dramatists, screenwriters, and journalists look at trade not merely through such dark glasses.

Without an objective and sympathetic attitude toward this sector, it will be difficult to correct matters therein.

[Question] Anatoliy Sergeyevich, you were a delegate to the 19th All-Union Party Conference. What conclusions did you draw from it as a communist and as a minister.

[Statinov] First of all, I'd like to say that we have not had such a party conclave for many years now. And this was also the opinion of the overwhelming majority of the delegates.

The conference was frank and wise. A great deal of truth was said. A spirit of fearlessness prevailed. The Leninist party strengthened its authority at this conference; a constructive attitude prevailed there, a businesslike quality, a seeking after new ways to solve various problems. It seems to me that a moral revolution has occurred.

In short, it has become more interesting to work. There is confidence in the success of perestroika. Such are my conclusions.

As to our sector, this conference, like the 27th party conference, indicated the need for urgent measures to radically improve trade services. And the practical expression of this position has been received in the decree of the USSR Council of Ministers, the draft of which was approved by the July (1988) Plenum of the CPSU Central Committee.

These documents emphatically underline the mainline route to be followed by our sector.

DEMOGRAPHY

Migration Controls, Other Planning Needed in Latvia

18200048a Riga SOVETSKAYA MOLODEZH in
Russian 4 Oct 88 p 3

[Article by N. Baranovskiy, doctor of economic sciences and laboratory chief at the Latvian Branch of the USSR State Statistical Committee Research Institute: "Problem: What Should the Migration Policy of the LaSSR Be?"]

[Text] Implementation of the decisions of the 19th All-Union Party Conference will require a new approach to population problems. We must to an ever greater extent take into consideration the regional specificity of the number, composition and distribution of population. This is a prerequisite of regional planning. Complex problems in this area exist in almost every region of our country. Yet they are especially difficult in regions with a high rate of migration-generated population growth. If we compare all the union republics in terms of the intensity of their population migration, i.e. in terms of the intensity of moves beyond the limits of the city or other administrative division in which an individual had previously resided, as well as in terms of their percentages of settled residents (persons who have lived in the same location for more than 10 years), then we find that the LaSSR falls in the category of republics with heavy migrational activity yet has a low rate of effective result from this migration.

For many years now population migration has been the primary source of population growth in Latvia. From 1971 through 1987 the republic's population increased by 292,000. Of this growth migration accounted for 190,000—65 percent of the total. Rural population declined while cities grew. There are now six cities in Latvia with populations over 50,000; Daugavpils and Liepaya have over 100,000 and Riga has a population of 900,000 (the population of Riga grew by 170,000 during the 1971-87 period).

Currently 34 percent of the republic's population live in Riga, and it is also the main industrial center. The minuses for the development of the urban environment are obvious in Riga as well as in other cities and villages in our republic. This is precisely why the draft "Concept for the Economic and Social Development of the LaSSR Up to the Year 2005" sets the goal of changing the territorial distribution of industry in our republic. Industry is the primary employer in Latvia. That has been the case for many years now. Against this backdrop it is quite understandable (though unjustifiable) that agriculture has lagged behind in all regions.

Historically Latvia was an agrarian republic, yet today little remains of its former agricultural system. By the mid-1950's rural areas accounted for less than half of Latvia's population. In 1987 the rural population was

only 29 percent of the total. In this connection it should be noted that a segment of the rural population works in cities; these are the so-called "pendulum migrants." Mechanization of labor in rural areas remains at a low level. A larger number of workers is used to compensate for this lack of equipment. Therefore it comes as no surprise that the percentage of people in our republic employed in agriculture is several times larger than in other economically developed countries of the world that have a well-developed agricultural sector.

Agriculture has been hardest hit by population migration. This was exacerbated by the republic's previous and profoundly erroneous orientation toward elimination of the system of small farms [khutory]. Despite the fact that scientists strove diligently to provide a theoretical justification for this policy, citing the need to overcome the substantial differences between life in rural and urban areas, our experience has shown that very idea was flawed. The negative consequences of this policy are now evident. We must seek every possible alternative for renewing, restoring and strengthening the same small farms that for many years we zealously strove to eliminate.

Statistics indicate that despite the fact that all segments of the population are involved in migration it is persons under the age of 30 who most often change their place of residence. Among young people there are numerous cases of persons making two or more moves. Only one-third of these youthful migrants succeed in adapting to their new locale; the remainder are forced to join the migratory stream again after a time (sometimes within one year).

We must solve the problem of migration by approaching it from three angles: limitations on interrepublic migration, prevention of migration within our republic and efforts to help newly-arrived residents adjust. Whereas the first approach does in fact affect all persons arriving in Latvia from other regions of the country to take up permanent residence here, the second approach applies mainly to Latvia's rural population. It would involve the inculcation among young people of a sense of attachment to rural professions and a rural life style. The objective of the third approach would be to accelerate adjustment of migrant to their new homes. If a person has already moved, then all the necessary conditions should be created so that he or she can get settled properly and work out all day-to-day problems. This is a complex matter. But in any event there should be strict compliance with this rule: convenience for migrants should not be created at the expense of the native population that has been living in an area for years. We must admit that up until now this rule has often been broken, and this has resulted in heightened interethnic tensions. Take for example the distribution of new housing. It has been the case that migrants often receive housing within the first three to five years of residence in a new area, whereas native residents must wait for 20 years or more. There is a simple logic behind this. New arrivals are housed in

workers' dormitories, and enterprises definitely make an effort to find housing for this group first. And it is a large group. The spaces in dormitories that thus become vacant are filled by new arrivals, who then in turn need apartments. And on it goes. There is no doubt that this is a violation of the law of social justice.

The demographic composition of migrants differs markedly from the composition of the resident population. As a rule migrants have fewer children; most migrants have not yet formed a family or else have no children in the family. Among migrants there is a more pronounced tendency toward so-called "demographic independence" (people disinclined to marry). But if we examine the situation more closely we find that the majority of these individuals do not have commonality of interests with the enterprise where they work, either. Usually their adjustment to the new enterprise proceeds with great difficulty. This undoubtedly has an effect on their production indices.

It is quite understandable that the adjustment period is not the same for all people. It depends on many factors. A person's family situation is of great significance in this respect. For married persons the adjustment process is more difficult yet not any longer than among unmarried persons. A person who migrates together with his family to a certain extent preserves his accustomed microenvironment at the family level. This is undoubtedly an important factor in successful adjustment to a new location. However, it also creates problems. Any one family member's difficulties in adjusting have an effect on the entire family's adjustment. Generally speaking, family migration shows a higher success rate; families are less inclined to change their place of residence repeatedly. But this only holds true if the whole family moves to the new location at the same time. In practice this does not always happen. Married migrants often arrive in a new place alone, without their family; they find a job and move into a workers' dormitory. The family arrives later, and they immediately start complaining to the enterprise administration and to local authorities about their poor living conditions.

Analysis of data gathered in selective surveys of migrants conducted in the LaSSR and other regions of the country as well as data from the 1970 and 1979 censuses indicates that migrational activity declines sharply eight to ten years after arrival in a new location. After a 10-year period the migrational activity of the new arrivals as a rule differs but little from the local population's level of migrational mobility. Therefore we can assume a 10-year period of residence in a new location as one criterion for migrant adjustment. But even this criterion does not adequately describe migrant adjustment. In order to make a complete adjustment a migrant must learn the native language of the republic in which he or she lives and know and respect native culture and traditions. I am convinced that a 10-year period of residency is quite adequate in this respect.

The distribution and development of our republic's productive capacities and coordination between the supply of and demand for labor are of the greatest significance with regard to regulation of population migration. Many mistakes have been made in Latvia in this respect. I feel that it is essential that we return to certification of jobs in industry and conduct it in all sectors of our republic economy.

The plan according to which our republic's productive forces are sited and developed is in need of considerable improvement. It is essential that the northeastern and eastern regions of Latvia be developed. We need to build a trunk railway in this region, for instance one that would connect the cities of Zilupe and Valmiera. A solution to this problem would allow us to relocate a number of enterprises currently located in Latvia's largest cities to the aforementioned regions. This would allow us to optimize the territorial distribution of industrial facilities in our republic. This is the task posed in the draft "Concept." The envisioned course toward development of firms with a relatively small number of employees (between 10 and 150 persons) could lead to a situation in which mainly large enterprises subordinate to all-union organizations would still be located in Latvia's largest cities. It seems to me that these are precisely the enterprises which should be relocated to less-developed regions of our republic, so that those regions would develop more rapidly through the use of all-union funding. Industrial firms with a small number of employees would permit resolution of economic, ecological and labor-related problems and would also help meet the public's demand for consumer goods. The draft "Concept" outlines plans for interbranch redistribution of manpower. In the physical production sectors the number of workers is to be reduced by 120,000. Of this reduction, 75,000 would be in industry. Thus the remaining physical production sectors would see a reduction of 45,000 workers. However, the current number of workers would be maintained in the construction industry. Consequently there would be a comparatively greater reduction in the industrial work force than in agriculture. This is as it should be, considering the priority given to development of agriculture. However, we are confused by the planned amount of reduction in the number of agricultural workers. This is evidence of efforts to continue previous tendencies, not counting on a more active migration policy in our republic. Therefore it is only natural to ask: how can we orient ourselves toward such a substantial reduction of workers if there is no real chance that there will be a significant rise in the level of agricultural technology in the foreseeable future?

It is not enough to merely limit new construction and expansion of existing enterprises under all-union control. A number of enterprises need to be relocated outside of our republic, closer to their raw material sources and the primary customers for their finished products.

In conclusion I would like to express my support for the suggestion that a general concept for the demographic

development of Latvia's population be drawn up; this suggestion was made in an open letter to the cultural council of Latvian creative unions. Overall I support the suggestions made in that letter, but I feel that the creation of an organ to monitor the demographic situation in Latvia without participation by statisticians would be rash. It is precisely statistical organs which are more familiar than anyone else with the actual state of affairs in our republic.

Thus, I feel compelled to make the following generalizations and conclusions:

1. It should be acknowledged that at the present stage purposeful regulation of population migration is one of the most timely tasks in the area of improving the economic, social and demographic development of Latvia's population.

2. Migration policy should be oriented toward attainment of a high degree of effective result from migrational movement, together with a reduction of total migration volume.

3. The LaSSR overall should orient itself toward insignificant migration-generated population growth. Latvian cities with populations in excess of 50,000 should be oriented toward zero or on a temporary basis even negative migration-generated population growth.

4. Migration policy as a whole should become more active. This means that we must not only regulate population migration by applying various economic and administrative measures, but we must also work with so-called potential migrants (above all with our republic's rural youth) and with newly-arrived migrants. In the latter case this work should be designed to facilitate and accelerate migrants' adjustment to their new environment. And not only in terms of their housing and day-to-day problems, but also with regard to language mastery. However, this work should not encourage an increase in migration-generated population growth.

5. Specific migration policy measures should be widely discussed by the people of our republic. Only after this has been done should appropriate governmental resolutions be adopted.

ORGANIZATION, PLANNING, MANAGEMENT

Statistics Indicate Problems, Achievements in Machinebuilding

18230009 Moscow *AGITATOR* in Russian No 18,
Sep 88 22-25

[Article by M. Karpunin, candidate of economic sciences: "How Is Machinebuilding Being Developed?"]

[Text] On Machinebuilders' Day—25 September

Priorities and brakes. Frozen billions. Reserves in proprietary hands.

It is scarcely necessary to prove that only on the basis of highly developed machinebuilding is it possible to support the technical rebuilding and updating of all branches of the economy, to assimilate new resources-saving technologies, to come up to the world's level in labor productivity, to raise the quality and competitiveness of Soviet products, to change the structure and increase the volume of exports of finished goods, and to occupy a fitting position in the system of the international division of labor.

A decision was made at the April 1985 CPSU Central Committee Plenum to give machinebuilding development a priority, an outstripping nature. It was planned to increase the volume of machinebuilding output during the 12th Five-Year Plan by 43-45 percent. It was planned to accelerate the pace of updating machinebuilding output fourfold, with 85-95 percent of the most important types of equipment produced to meet the world level by 1990.

These and other tasks comprised the essence of the program for modernizing domestic machinebuilding that M. S. Gorbachev described in his report at the 19th All-Union CPSU Conference as unprecedented.

Unfortunately, serious disproportions that impede accomplishment of the tasks have been noted. What are we talking about?

The country is producing more tractors and combines than the countryside needs and, at the same time, there is not enough machinery for intensive technologies. There is also a lack of correlation of the pool of metal-cutting machine tools with the number of machine-tool operators. The number of workplaces greatly exceeds worker manning, and because of this the shiftwork factor for operating the equipment is low, and the lack of balance is a direct deduction from national income. Moreover, in comparison with other industrially developed countries, we have at our disposal a most ineffective age structure of the equipment pool. From 25 to 30 percent of the machinery in operation in the industry and in transport are worn or obsolete and in need of replacement.

The processing industry has been equipped for a long time now basically through purchases of imported equipment. As a result, the share of imported equipment comprises one-third here, and in the bakery, macaroni and confectionery industries it is even more than 40 percent.

The machinebuilders are not satisfying the requirements: of the railroaders—for traction and track machinery, cars and electric trains; of rural workers—for integrated machines for intensive technologies in field husbandry and crop husbandry and in feed procurement; and of the builders—for single-bucket loaders and small-scale mechanized equipment.

In equal measure machinebuilding is impeding development of the chemical industry, light industry, metallurgy and printing. Public demand for household appliances remains unsatisfied. In some branches of the national economy, from 30 to 50 percent of the workers are engaged in manual labor, including heavy physical work. That is, neither the quantity nor the quality nor the structure of the machinery and equipment being manufactured corresponds to the actual production and personal requirements.

In the first half of the current five-year plan an appreciable shift was made. Growth in machinebuilding output during this period was the same amount that was obtained during four years of the last five-year Plan. The share of the most important world-level output grew from 23 percent of total production in 1985 to 55 percent at present. The pace of updating of the output produced was tripled. In two and a half years more than 5,000 types of new machinery, equipment and instruments that met the world level were assimilated. During 1987 alone more than 10,000 units of equipment that previously were acquired in capitalist countries were manufactured. The production of new and highly effective articles, including NC machine tools, machining centers, new-generation computers, diesel motor vehicles, and unified electric loaders are being developed ahead of schedule.

During this time such a collective of machinebuilders as the Ivanovka Machine-Toolmaking Production Association imeni 50-letiya SSSR, the Volga Association for Automaking (AvtoVAZ), the Minsk Tractor Plant imeni V. I. Lenin, the Sumi Science and Production Association M. V. Frunze, the Leningrad Electrical-Machinery Production Association Elektrosila imeni S. M. Kirov, and the Kiev Production Association Elektromash imeni V. I. Lenin, which are well known in the country, reached new goals in engineering and economics. The laboring collectives of the Lvov Production Association Konveyer, the Belorussian Association for the Production of Heavy Trucks BelavtoMAZ, the Sverdlovsk Production Association Pnevmostroymashina, and dozens of other enterprises won great fame.

But throughout all this, the tasks of the modernization program for the current period were not carried out successfully. Neither in regard to quality or in regard to quantity. Thus the machinebuilders' plan for producing output was not carried out for two-thirds of the line items of the most important listings. For example, in 1987 Minstankoprom [Ministry for Machine Tool and Tool Building] alone fell short in deliveries to the national economy by 960 flexible production modules, 89 automatic lines, 6 rotary-conveyor lines, 646 metal-machining centers and 1,430 NC machine tools, and by 118.6 million rubles' worth of highly productive forging and pressworking equipment.

Almost two-fifths of the machinebuilding enterprises have not been coping with the fulfillment of contractual commitments. The share for Minkhimmash [Ministry of Chemical and Petroleum Machine Building] was 43 percent, Mintyazhmash [Ministry of Heavy and Transport Machine Building] 44.9 percent, Minelektrotekhprom [Ministry of Electrical Equipment Industry] 46.5 percent and Minstroydormash [Ministry of Construction, Road and Municipal Machine Building] 66 percent. The fulfillment of tasks for speeding up scientific and engineering progress causes special concern. In 1986 it was at the 66-percent level, in 1987 at the 84-percent level.

Moreover, sometimes newly created equipment can be considered as progressive in name only. Thus, according to the data of the USSR Committee of People's Control, out of 170 units of machinery, equipment and instruments surveyed, 40 of the newly created articles (or 24 percent) were inferior in basic assessment indicators to the highest world achievements.

The financing situation of machinebuilding-complex enterprises remains excessively grave. Many laboring collectives did not meet the profit plan for the results of economic activity during 1987 and the first half of this year and have great deficiencies in in-house working capital and have large credit arrears. Only at a small number of enterprises is there an absence of above-norm reserves of realizable commodity and material valuables. For the complex as a whole, this year they increased by 700 million rubles' worth and exceeded 5 billion rubles.

An analysis of the work of a large number of machinebuilding enterprises indicates that at half of them the organization of production and work has continued to lag at a low level for a long time, there are no long-range plans for reequipping and updating production or programs for improving their financial condition. The system of intraplant economic accountability has not been adjusted in accordance with the new management conditions. There are many violations of production, technological and labor discipline. There is no precise notion about the scheme for mutual action with parts suppliers

or about their potential capabilities. Problems of training cadres, social development, and certain other problems of a current and long-range nature are being resolved unsatisfactorily.

But this is, if it can be expressed this way, our overall misfortune, the misfortune of all industrial, and not just of industrial, enterprises. Deficiencies are being overcome, perhaps even more rapidly in machinebuilding than in other branches of the national economy. For example, while growth in production volume in industry was 4.9 percent in 1986, in the machinebuilding complex it was 6.3 percent, and in 1987 the figures were, respectively, 3.8 and 4.5, and during the first half of 1988 they were 4.7 and 7 percent.

All this is the result primarily of using internal production reserves. Growth of engineering-economics indicators in machinebuilding was obtained practically with the same consumption of roll-formed metal and without an increase in worker manning. The machinebuilders basically are coping also with tasks for saving metal.

Shortcomings that are inherent in the system of economic control as a whole adversely affect the complex's pace of development: a lack of balance in the plan for producing output with the material resources; unsatisfactory supplying of materials and equipment; a lag in preparatory production and the research and experimental base; and inadequate preparedness of scientist, engineer, technician, blue-collar worker and managerial personnel to solve the more complex tasks of modern economics.

During the first two years of the five-year plan the machinebuilders received from their partners, for materials and outfitting articles, smaller amounts than were required of more than 200 specific items. Deliveries fell short of what the tasks required by 3.3 million tons of economical types of metal products and 170,000 tons of plastics and synthetic resins.

The situation did not change practically during 1988. For the complex as a whole, only 60 percent of the funds for the established tasks were completely allocated. For example, Minneftekhimprom [Ministry of Petroleum Refining and Petrochemical Industry] envisions satisfaction of the machinebuilders' requirements by only 40 percent, Minkhimprom [Ministry of Chemical Industry] 56 percent, Minchermet [Ministry of Ferrous Metallurgy] 65 percent, and Mintsvetmet [Ministry of Nonferrous Metallurgy] 77 percent.

The scientific and engineering level of the materials delivered also is far from perfect. Falling below world class are 46 percent of the rubber-engineering articles, 39 percent of the plastics for engineering and technical purposes, and about 45 percent of the output of Minlesprom [Ministry of the Timber Industry]. In turn, even the machinebuilders themselves are not applying enough

effort either to supply their customers with modern equipment or to establish their own low-tonnage production facilities for producing the newest materials.

The scientific-research and supply-and-equipment base has not been developed adequately. Thus more than half of the metal-cutting equipment for machinebuilding has been in operation for more than 10 years, 21 percent of it for more than 20 years. The situation is still worse for other types of equipment. Despite this fact, the five year plan tasks for replacing and updating fixed capital are not being carried out. Under a plan for 10.8 percent in 1986 and 12 percent in 1987, the actual updatings were, respectively, 8 and 9.4 percent. In two and a half years the degree of updating of the active portion of fixed capital reached 23 percent, while the calculated task for the five years is 57.5 percent.

The builders are letting us down. Out of 206 facilities and items of capacity which the modernization program says are to be introduced in 1986-1988, only 80 are expected to be introduced by the end of this year.

The necessary concentration of financing, materials and equipment resources for developing capacity for producing new-generation equipment has not been achieved. In essence, the restructuring of investment policy in machinebuilding that the modernization program intends still has not occurred. And this, naturally, cannot help but be reflected in the results of the complex's activity in subsequent years.

Problems associated with the need for the accelerated development of machinebuilding were reviewed at the CPSU Central Committee session of 9 July 1988. What basic support has been effected?

At least three main areas of long-range machinebuilding development can be singled out. These are, first, improvement of the structural and investment policy; second, acceleration of the assimilation of advanced achievements of science and engineering; and third, development of the principles of full economic accountability and self-financing in the activity of both production and scientific collectives.

Once again a priority has been stated for that research and development that has general significance for the national economy. This refers in particular to the application of electronics and mechanization to physically heavy and harmful work, the automation of administrative work, metrological and diagnostic equipment and of equipment for technologies that save energy and resources, and the development of programming support for computer equipment.

Special attention is being paid to the application of electronics to techniques, technologies and control processes in machinebuilding itself. Moreover, more than 40 priority areas for creating highly effective equipment for all the main branches of the national economy have been defined.

In order to realize tasks in these priority areas, a regrouping and a concentration of scientific efforts is being made. It is planned to more than double the capital-worker ratio for science workers, designers and manufacturing engineers. Measures have been worked out for developing the test and experimental base for scientific and design organizations.

Structural transformations are being strengthened by the appropriate investment policies. The efforts of construction organizations are being focused on the development of capacity and the introduction of facilities intended for building up the output of equipment for priority areas and the creation of a long-range backlog of accomplished scientific and engineering work. In this connection, deadlines for introducing various less important production facilities are being carried over beyond the 12th Five-Year Plan.

Additional tasks for expanding the products list of high-quality materials and of outfitting items supplied to the machinebuilders have been set for supporting entities. The volume of deliveries for about 70 specific items that the metallurgists and chemists need is to be increased by a factor between one and a half and two.

The machinebuilding complex itself is calling for accelerated creation and development of small-tonnage production facilities for new and progressive structural materials. Our lag here is catastrophic. For example, domestic metallurgy today offers the customers about 4,000 shapes and sizes of rolled metal, at a time when one West German concern, Klekner, ships about 10,000 shapes and sizes.

A number of measures are to be accomplished to specialize production and improve organizational structures of machinebuilding enterprises. This refers in particular to the creation of specialized plants that are intended for the manufacture of highly unified parts, units, components and assemblies, plants that should send their output to assembling enterprises.

Today we have here a situation that clearly is not normal. In domestic machinebuilding, the share of standardized and unified units, components and parts does not exceed one and a half percent of the total amount of output, while in the U.S. it is 15 percent.

The next step is the conversion from structures based on large giant enterprises with their own subsistence farm to the forming of organizationally strong, highly effective medium-size and small enterprises. Today all the industrially developed countries of the world are following this path. As the experience of Japan and certain other leading capitalist countries indicates, small and medium-size companies are more responsive in developing and assimilating scientific and technical innovations. They are more flexible and apply nonstandard but effective forms of management more boldly.

Production relationships also are to be rebuilt, forms of organization and labor incentives are to be changed, and the principles of full economic accountability are to be spread, from top to bottom. The introduction of progressive collective forms for organizing work will be assigned a special role in the establishment of new economic relationships.

Experience proves their high effectiveness. For example, at the Lipetsk Machinebuilding Plant, where brigade economic accountability was made the basis for organizing production, in the last three years the pace of growth in production volume and in labor productivity was more than 10 percent. Introduction of the collective contract at the Voronezh Production Association Avto-gemash promoted a strengthening of brigades, elimination of the departmental structure for administration, and the formation, instead of the previous four departments, of a single production complex that answers for the fulfillment of contractual commitments. As a result, last year the association's collective obtained almost 800,000 rubles of above-plan profit. At the Odessa Machine-Toolmaking Production Association, previously existing subunits were converted into economically accountable production facilities divided by subject. The assembly departments are becoming customers for the preforming departments' output and are paying off with checks.

All the measures named, whose realization has already commenced, are aimed at forming a model of machinebuilding that will give it a modern face and will allow the national economy's paramount needs to be satisfied in the shortest time possible.

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Sumy Machinebuilding Association Transfers To Lease Relations

18230014a Moscow IZVESTIYA in Russian 27 Oct 88
p 2

[Article by V. Romanyuk: "Sumy Machinebuilding Association imeni Frunze and USSR Minkhimmash Convert Over to Lease Relationships"]

[Text] Recently a committee charged with improving administration, planning and the economic mechanism of USSR Gosplan approved a system for converting this enterprise over to a new model of cost accounting involving the presentation of additional rights, including elements of lease relationships.

This is still not a lease contract and yet it represents a large step taken towards the second model of cost accounting. An enterprise receives it would seem three degrees of freedom: first of all, there is an extended

contract with the ministry governing economic relationships and an opportunity appears for participating, without interference, in future production development; secondly, there is the right to freely dispose of funds for economic stimulation; thirdly, a collective is free to select the forms for wages and the bonus amounts for all workers. It bears emphasizing that a collective is now able to form and handle these funds itself. The number of accounting indicators is reduced substantially.

During this period, I visited the Department for Improvements in Planning and Economic Stimulation of USSR Gosplan and I witnessed the problems involved in the development of this document. And I became convinced that it would not be easy to be the first to employ it.

The comments of the committee were extremely basic in nature. It was recommended that a working group define more precisely the nature of the indicators made available to the collective, in the interest of ensuring a merging of the interests of an enterprise and the national economy, with the system of taxation being examined from this standpoint. The large ship of industry is setting out on a voyage and its course must be laid out in a very precise manner.

Even as the collective of the Sumy Association, a true agitator for tranquility in our national economy, was declaring its intention to convert over to a lease contract, a considerable amount of doubt was expressed among our economists. Usually a lease is associated with assistance being provided as a rule for small backward enterprises. But here we have a giant possessing hundreds of millions of rubles worth of fixed capital alone! When an unprofitable enterprise is eliminated and converted into a cooperative, this is presented as being a reasonable development. But what happens when this same action is applied to a leading enterprise involving a large investment by the country?

In Sumy it is believed that a slump in production is inevitable in the absence of constant revolutionary activity.

I found the deputy general director of the Sumy Association imeni Frunze, V. Moskalenko, in one of the Gosplan offices, where specialists of the central departments, together with the plant's economists, were discussing the next taxation variant for the unified wage fund. This was not the first temporary duty trip by Moskalenko to Moscow in recent months. His old companions-in-arms—plant economists M. Balan and I. Verbitskiy—shared with him the entire burden associated with the creation of the new Sumy variant. Much still remained in a "fog." And I could not refrain from asking: "Overall, did you achieve what you initially set out to do?"

"We wished to convert over to a lease contract" stated Vladimir Petrovich, "but we are converting over to a new cost accounting model with elements of lease relationships. But this is not meant to imply that the experiment failed. It was simply a case of the extent to which the problem was developed being different than that originally anticipated. Obviously, there could be no haste in converting over to a lease contract."

But why did the branch leader want a contract. Was he searching for an easy life? V. Moskalenko issued a decisive protest. He was convinced that the leading methods for economic management always produce forward progress. The association operated under a great amount of tension for four five-year plans. A new quality of growth is needed if it is not to fall behind in its development in the future.

"In its development" he explained, "we are guided by a principle which is known as the 'bicycle principle.' While the pedals are turning, one moves and when they stop he will inevitably fall. In covering the distance of four five-year plans, we came to understand that the tempo already achieved could not be maintained in the future if use was not made of leading managerial methods."

"Could it be that you wish to protect your own economic interests?"

"A lease is an expression of our economic interests. Its present version represents a step forward compared to the second cost accounting model."

In the opinion of V. Moskalenko, a lease must create conditions similar to those needed for a cooperative. Property in the hands of the state implies that the social protection of people is maintained. But management which is fully in the hands of a collective: a state order is nothing more than a recommendation, with rates and salaries and extensive opportunities for price formation being established independently. We have not yet achieved such a degree of freedom. And the question has not yet been worked out adequately from a theoretical standpoint. Nor as yet is everything clear to V. Moskalenko, a doctor of economic sciences. However that may be, the degree of risk must be reduced to a minimum—for both the state and for a collective.

"Moskalenko sought exceptions from the accounting data on volume indicators" stated the deputy chief of a USSR Gosplan department A. Sukhanov, "and this was in all probability correct. The chief concern—to satisfy the national economic requirements for the association's products."

A key question—the size of the fund for production development. The well-being of a collective is dependent upon this fund. Following prolonged debates, the following variant was adopted: the fund for production development will be determined during the course of an agreement being concluded between the association and

Minkhimmash [Ministry of Chemical and Petroleum Machine Building]. The only condition here—its proportion of cost accounting income must not be lower than that called for in the five-year plan. As you can see, this important document was handled even in the absence of directives from above!

An experiment, beyond any doubt, paralyzes the initiative of people. More freedom in the adoption of decisions and a reduction in the number of different types of agreements. Instead of material incentive and wage funds—a unified salary fund.

"The principle of a lease" explained the deputy chief of the Planning and Economic Administration of Minkhimmash A. Shatilov, "lies in the fact that a collective spends its cost accounting income at its own discretion."

"But in accordance with an agreement which we sign with the association" stated 1st deputy minister A. Rutskey, as he joined in the discussion, "the collective is obligated to maintain its equipment in the proper condition, renew the equipment as required and satisfy the requirements of the national economy for the needed products. If these requirements of the agreement are not met, we are justified in dissolving it—with appropriate compensation for the damage sustained. True, the ministry bears economic responsibility for its actions. It bears mentioning that in this agreement, the first such agreement in our industry, it is stated directly: 'The ministry reimburses the association for losses sustained in connection with the payment of fines as a result of disruptions in product delivery schedules, caused by a lack of limits and funds for centrally distributed material resources.' For the first time in domestic practice, an enterprise concludes an agreement calling for economic relationships with a ministry. The very fact that the branch's staff, which is basically oriented only towards command, will now be responsible for the legality of its actions represents considerable progress. Instead of command-administrative in nature, vertical interrelationships must now be based upon partnership principles. And if it is assumed that a plant disrupted deliveries through fault on the part of the ministry, then it will pay a fine from its own centralized funds."

"But what if the millions you receive from the enterprise for the centralized funds are not sufficient for paying off the fines?" I asked A. Rutskey.

"But we have no intention of standing in the way of the association. To the contrary, we plan to provide it with all types of services and to obtain, on the basis of commercial relationships, additional withholdings for the centralized funds."

True mutual responsibility on the part of the parties involved is an extremely important aspect of the agreement. Formerly, the ministry at no time was held responsible for losses and thus there was no legal basis for material sanctions being applied against staff workers.

Today it is now possible to impose a sanction upon an individual ministerial worker for damage sustained, in the amount, for example, of his monthly salary.

The agreement has a number of peculiarities which are not found in the Law Governing an Enterprise. The lease payment is a financial amount which prompts the introduction of new capabilities into operations on schedule. Commencing with the start of the 13th Five-Year Plan, the association will be left with the total amount of amortization deductions—the cherished dream of any director. This money is not a gift: the association accepts responsibility not only for re-equipping and modernization but also for expanding existing production operations and the construction of new departments.

The new system of taxation grew out of furious arguments. Initially it was proposed that a 20 percent tax be imposed upon funds intended for production development and social development and a 40 percent tax—upon wages. Objections were raised within the AUCCTU: the social intent of the plan must be encouraged by a reduction in the taxes for these expenditures.

We studied the experience of socialist countries. We were attracted by the model used in Czechoslovakia. Here a growth in wages of up to 2 percent generally was not taxed and yet a raised tax was imposed upon a 3 percent growth. The experience accumulated in introducing contractual responsibility in China was also studied.

A flexible variant was found under which a collective decides for itself whom it must pay and how much—over and above the tariff rates and official salaries. And the tax? They will tax only the unified wage fund. During the first year of the experiment, the total amount of tax was defined as 40 percent of the unified wage fund and the second year—52 percent. But what if more money was expended for wages than allowed for in the proportion of

the unified fund for computed income? In such a case, the tax rate for this amount increases by threefold. And these amounts are withheld from funds intended for social development—there in nowhere else they can be obtained from! Those which are to be used for production development cannot be touched. Thus if a collective is paid 1 million additional rubles, it must pay 1.2 million into the budget in the form of a tax. What should be done—freeze wages? No, wages can increase, but only together with computed income. And this can be achieved by increasing production, achieving economies in the use of resources and introducing new equipment and technology. We must now reach farther down and create contractual collectives at the level of departments, sectors and brigades. New quality must be found in the fact that a worker becomes, to a greater degree, the owner of the machine tool or machine that he operates. And the system of indicators must strengthen this link in every possible way and create a more effective form for the distribution of income

The Sumy Association was a pioneer in the use of the first model of cost accounting within the branch. Today, as the working out of the new model involving elements of lease relationships is being completed, Volgograd Neftemash, Petrozavodsk Bumash and Kiev Bolshevik are preparing to follow in its path. This represents the future for the experiment.

At the same time, a statute is being prepared on the development of lease relationships generally—in the economic activities of enterprises and associations.

An unexpected question is raised by lawyers: with whom will lease relationships be arranged? Indeed, it is written in the Law Governing a State Enterprise (Article 4) that a collective is authorized to use, own and dispose of property that is entrusted to its care. Hence it enters into lease relationships. Although it can be stated as follows: the law only declared the rights of an enterprise, while a lease contract ensures that they are realized.

**TECHNOLOGY ACQUISITION,
ASSIMILATION, COOPERATION**

**Worker Training Lagging Behind Introduction of
New Technology**

18230022 [Editorial Report] Kiev RABOCHAYA GAZETA in Russian for 18 October 1988 carries on page 3 a 125-word RATAU report entitled "For Work Under the New Conditions." The article reports that

new forms of leading technology, such as microprocessors, industrial robots, flexible manufacturing systems and biotechnology are being introduced at enterprises throughout the Ukraine and that 200,000 workers and almost 40,000 specialists are being trained in their use. However, participants at a scientific-technical conference in Kiev noted that worker training is not keeping up with reconstruction and technical retooling of industrial enterprises. The conferees concluded that it would be necessary "to create a mobile system of uninterrupted [neprieryvnyy] training for all workers, regardless of their jobs or qualifications."

MOTOR VEHICLES, HIGHWAYS

Gorkiy Diesel Engine Production Problems Scored 18290026 Moscow PRAVDA in Russian 19 Oct 88 p 2

[Article by V. Lisin (Gorkiy): "Something New With Old Filling"]

[Text] The first GAZ-4301 diesel truck was assembled at Gorkiy on 21 April 1984. By today thousands of these vehicles should have come off the assembly line, but they are not doing so. This is why the plant has proved to be its own most difficult "gauntlet!"

During the 1970's, despite the ever-growing recovery of oil, a shortage of fuel appeared abruptly. Especially of gasoline. So Gorkiy's designers decided that it was time to convert to the diesel engine: they hoped that there would be no problems with gas oil.

It must be said that they were consumed with this idea and they worked quickly. In a short time a dump truck with diesel engine and a load capacity of slightly more than 4,000 tons, or, together with a trailer, twice as much, had been created. It was intended for the countryside, so it would be able to work in combination with harvesting equipment in the fields. The truck and trailer surpassed its counterparts in specific load capacity, off-the-road capability and universality. And the main thing, it enabled up to 240,000 tons of fuel to be saved per year.

Of course there was interest in such a vehicle. And it was decided to arrange for the output of the new vehicle at Gorkiy, based on the existing motor-vehicle plant. And USSR Minsevozstroy [Ministry for Construction in the Northern and Western Regions of the USSR] was charged, together with the machinebuilders, with building it. Thus in the spring of 1984 the erection of a diesel-engine production facility was started on the Oka's shore, so that capacity would be created for the output of trucks and the engines for them in 1988.

The Gorkiyites had no doubts about success. Trust No 7 (Avtozavodstroy) was the general contractor for the new construction project. Established two decades ago specially for the needs of GAZ [Gorkiy Motor-Vehicle Plant], it had proved itself quite well in the preceding years.

However, at the start of the new construction boom at GAZ, the situation within the trust was entirely different. And, what is more, Avtozavodstroy could have been named extremely arbitrarily: it literally was spread over tens of large and small facilities in the city and in the countryside. Its economic situation was deplorable: it was millions in arrears. It would seem that the builders were to have grasped a tidbit with both hands—to build an expensive job in the city's center. But... they had to take on, speaking frankly, a new construction project, unwillingly: what they began came out of nowhere— they

did not know how to square accounts, yet here was this big cumbersome thing....But they were, as they say, driven into a corner. A new version was born: so the truck plant would be built together with them, that is, by the in-house method. They answered in agreement: for the country needs the vehicle.

"We made a contract with them to the effect that" said L. Yevseyev, manager of Trust No 7 Avtozavodstroy, "you build on the plant's ground, and beyond there we will build the main part."

True, the plant's workers did work outside their ground—for example, soil fill at the diesel-engine production plant. But this, by the way, did not affect the final result. And it was like this: during these years Minsevozstroy fell short at the diesel-engine plant production facilities by almost 100 million rubles in funds assimilated, and the motor-vehicle plant, under the in-house method, lagged by 37 million rubles. How does this look in real results? It is fairly simple: the shell of the building for diesel power plants was half built, equipment for the shell of the building for nonferrous-metal was not ready for installation, and erection of the necessary capacity at the Saran Dump Truck Plant and Gorkiy's Krasnaya Etna plant had not been undertaken.

In brief, it is clear now that the deadline planned by the government has been disrupted by two years as a minimum. And if radical measures are not taken, the national economy will not get the new truck even during the next five-year plan.

"We want to build much and rapidly," Lev Nikolayevich declared emphatically, "but our hands and feet literally are tied. Who? The person who feels like it...."

How is this manifested? In many things, but primarily in the fact that the trust has not been authorized to concentrate its forces and resources on such an important facility. However much the manager struggles, however much he argues that it is necessary to start the new facilities, he does not receive support "at the top." Therefore, the builders are working at half their capacity at the diesel-engine production facilities.

Why? The ceiling for contracting operations does not allow it. For example, this year the trust was ready to assimilate 31 million rubles at the truck plant. The oblast ispolkom cut this figure to 23 million: it is enough, they said. Other facilities also must be erected. As a result, this figure was approved. Which, of course, did not correspond with the construction project's real needs.

Already this year, the lag in construction and installing operations at facilities of the diesel-engine production plant amounts to more than 2 million rubles' worth. However, the trust, according to the results of the first eight months of the year, was pointed out as one of the best in the main administration. How can these be reconciled? "It is very simple!" explained knowledgeable

people. "It is not important where, it is not important how, but the trust met the plan in rubles assimilated. So why curse it?" And if the ruble is put in the ground or is paved over with concrete—and it is not working, but the builders are scarcely responsible for that. Let other heads agonize about it.

And how to make them agonize?

There seems to be a way out. Moreover, it is fairly widely known: to introduce payment for a finished job, and not for the funds assimilated, as is being done now. But in regard to operating the new way, Gorkiy's builders do not even breathe a word about it: there is no question that even in the nearest approaches to this, every initiative is drowned out completely. Thus two years ago the trust was first in the former Glavvolgovyatskstroy [Main Administration for Construction in the Volga- Vyatsk Region], which was transformed recently into a regional-construction association, Gorkiystroy, and it introduced the collective contract and changed its administrative structure....Labor productivity jumped 20 percent. But the reaction from the top was not slow. The next year they planned from what had already been achieved, but supply and equipment support was cut.

Where are the sources of construction delay concealed? Paradoxical as it may seem, it must be recognized: mainly, evidently in the staffs of the branches of the economy. They have not been successful there in giving up command-administrative methods of control and in converting to economic methods. Although there is no lack of words, including the press's: everyone has turned to the new management methods. And the motivation to turn facilities over on time would seem to exist everywhere. There is a system of agreements between client and contractor that calls for specific deadlines for turning over a facility.

"Last year we paid out 744,000 rubles in penalties for late introduction of facilities," said L. Alekseyev, chief of the section for planning the work of Gorkiystroy Association. "Indeed, this is our profit."

The association explained to me that frequently they had to settle up for others' sins: there is no ceiling on contracting operations, there is scanty provisioning of supply and equipment resources, and there is a shortage of the work force....

And they wiggle out, because the builders' wage fund is formulated as a function of the amount of construction and installing operations in rubles, and not according to the amount of work that has been performed. For timely introduction of a facility there is only a bonus. Of course it is considerable, but one can live without it. But not without the production amounts—without the wage. And so the builders do everything to make these amounts as much as possible.

They told me at the autoplant about this case: They were producing with their own forces a metal tile for covering floors. They sold it to the diesel-plant builders for a ruble apiece, although they cost three each. The plant workers figured: in the final analysis, this money still will not leave the enterprise. Why jack up the price. Not so! On hearing about this, the builders went to Moscow, arguing furiously in order to sell the tiles for more. A paradox? So to speak. These "surpluses" for one building alone grew into 800,000 rubles. Here you have additions to the plan, to the rate of growth and, the main thing, to the wage.

It is here that the command-administrative style of supervision came in handy, using the indicated activity to conceal disorderliness and, often, simply the lack of a conscience, and creating an appearance of success. For practically until May of this year, the year for starting it up, a calm reigned in construction of the diesel-engine production facility: there was a shortage of cement, reinforced-concrete articles, pipe, and other materials. And why were they short? Because it was clear to the builders that there will not be any introduction of the diesel-engine plant into operation these days.

"We have now thrown on more people and building materials at the diesel plant, and the work is going on there," said Gorkiystroy deputy chief V. Zhidkov. "And the guilt for interruption of the government task must be divided equally between us and the truck-plant workers."

GAZ did not concur with this. Categorically.

"What kind of a division of responsibility can one talk about?" said the outraged A. Kolykhalov, chief of the administration for capital construction for industry. "They will at best get a reprimand, while we will get the collapse of an enormous collective!"

The fact is that, with every construction delay, the diesel-engine plant becomes increasingly costly each year. Right now the original budget-estimated cost has been doubled. Basically through rises in the cost of equipment. Previously this question would not have agitated the truck-plant workers strongly—the financing came from state sources. But right now it comes through our own profit."

Thus GAZ has to find a path of rescue immediately. The planned hybrid has not made a public appearance: externally it is a new truck, but inside the pie it is the old filling—the engine is gasoline-powered. Next year it should be the most produced gazik [GAZ-produced truck]. Such are the sad consequences of construction delay.

'Oka' Production at Yelabuga Plant Detailed
18290018a Moscow SOTSIALISTICHESKAYA
INDUSTRIYA in Russian 16 Aug 88 p 1

[Interview with A. Shuvayev, general director of the Yelabuga Motor Vehicle Works by SOTSIALISTICHESKAYA INDUSTRIYA correspondent U. Bogdalov: "Sub-Compact from Yelabuga"]

[Text] As SOTSIALISTICHESKAYA INDUSTRIYA has reported, the decision has been made to set up capacities at the tractor plant now under construction in Yelabuga to produce a particularly small class of passenger car—the Oka. Construction of the first phase of the Yelabuga Motor Vehicle Works Association should begin in 1991. It will produce 300,000 cars, and should reach its planned capacity—900,000 vehicles per year—by 1995.

Our correspondent U. Bogdalov interviewed YeAZ General Director A. Shuvayev.

[Bogdalov] Aleksandr Ivanovich, you were the general director of the tractor plant now being built. What do you feel has brought about the change now under way in the KamTZ [Kama Tractor Works] production profile?

[Shuvayev] The new decision was dictated by perestroika, and has been prompted in the corresponding documents, the idea in mind being to meet the population's needs for sub-compact passenger cars such as the Oka.

Of course the economy also needs the tractors which we planned to produce here prior to now. But production of the tractors should be set up in operating enterprises by expanding and using their capacities more completely. It was time which dictated the policy of intensification. Thus, production of completely-assembled tractors at the Lipetsk Tractor Works is to be increased from 30,000 to 45,000 per year. Plans also call for accelerated expansion of other enterprises of this sector for the purpose of manufacturing low-power universal row-crop tractors.

[Bogdalov] The deadlines for setting up this new enterprise are very strict. To what degree will your existing buffer stocks help you meet your quota?

[Shuvayev] The production buildings which have already been built in Yelabuga, the engineering lines, the dozens of residential structures and the huge construction base will all allow us to put the complex of plants into operation in the shortest possible time. The machine tool and tool plant building is finished. All of it has been kept, even the equipment which was custom-made for it. We are using all the fuel equipment plant's already-built working areas.

[Bogdalov] The construction periods, which have been cut to the shortest possible times, are being complicated by the unusually high rates for assimilating the planned

capacities. None of the other Soviet motor vehicle works have attained these rates. How is this extremely complex problem going to be solved?

[Shuvayev] First, we are setting up parallel planning and construction. This is the only way we can maintain the necessary rates. We have already informed all the designers involved in the construction of KamTZ [Kama Tractor Works] that their contracts will remain in force until 1 January 1989. By this time the new general planner—Giproavtoprom [State Institute for the Planning of Motor Vehicle Industry Plants]—will be ready. Giprodvigatel [possibly State Institute for Planning Motor-Building Enterprises] in Yaroslavl will continue planning the plant which will build the motors for the sub-compact car.

We will simultaneously be working on the car's designs. To this end we have brought in designers from the Volga Motor Vehicle Works. We are setting up joint design and manufacturing services with them. We plan to use the extensive experience gained at the Volga Motor Vehicle Works to develop this small-displacement economy car, which already represents the future of passenger car building.

All constructive manufacturing decisions will immediately be taken into consideration when working up specifications for tooling up and preparing for production. It is understood that this must be state-of-the-art automated equipment. We will not be able to manage without using flexible manufacturing systems.

Incidentally, it has been suggested that we also make provision for manufacturing small tractors of up to 12 h.p. for sale to the population.

[Bogdalov] Aleksandr Ivanovich, during our talk we have discussed the training of workers for the tractor plant in Minselkhoz mash [Ministry of Tractor and Agricultural Machine Building] plants. They have been accepted for work in Yelabuga, have been put on the available housing list and have been sent to the tractor plants to master their specialties. What is in store for them now?

[Shuvayev] These people will return to us as skilled machine tool operators. They will be experienced and will possess the necessary metalworking work habits. We are certain that they will quickly be able to get the hang of their new line of work. We are shortening the line for available housing. These are full-fledged workers of the Yelabuga Motor Vehicle Works. As for the administrative personnel, we have already set up a corps of administrative workers and specialists at the Kama Tractor Works who are capable of solving complicated problems.

[Bogdalov] The Kama Tractor Works has reshaped the fate of Yelabuga and has made a small town into a rapidly growing industrial city. How will its conversion into one of the centers of Soviet motor vehicle manufacturing turn out?

[Shuvayev] Yelabuga is perhaps the most unique city in the region. As you know, it is only a stone's throw—20 km in all—from Yelabuga to Naberezhnye Chelny. And that's on the other side of the Lower Kama River. The unique old ways have been preserved here along with the magnificent temples and architectural monuments. Our initial plans called for 300,000 people to live in the city. But there are several thousands more industrial personnel working in the passenger car manufacturing plant than than were slated to work in the tractor plant.

Right now we are drawing up a new draft plan for a coordinated build-up of Yelabuga and its suburban agricultural zone. The association's subsidiary private farms are being expanded. Essentially, what is being formed here is a megapolis, i.e., a community of cities united by a common territory. In this regard, we are putting particular emphasis on protecting the environment. It is absolutely mandatory that we preserve those places which are closest to each Russian's heart.

I would like to add the following to what I've said so far. Our motor vehicle works is one of the country's largest, if not the country's largest new construction projects. It will be producing one of the most inexpensive Soviet cars within the price range primarily of young families and younger people. This is why we are hoping that the Komsomol will give us all possible assistance in constructing it.

RAIL SYSTEMS

Railroad Plan Performance Highlighted

October Plan Noted

18290042 Moscow GUDOK in Russian 27 Oct 88 p 1

[Article based on materials of the Statistical Administration of the Ministry of Railways: "The 10-Month Plan Was Completed"]

[Text] The fulfillment of the 10-month plan for the total shipment of national economic freight by railroad transport was completed yesterday, 26 October. A total of 19 million tons of coal, about 8 million tons of petroleum and petroleum products, 14 million tons of grain and regrinding products, and more than 39 million building materials were additionally shipped to industrial and agricultural enterprises and to the country's construction projects. In all, about 64 million tons of freight in excess of the plan will be transported before the end of the month, of which two-thirds represent the products list of the state order.

At the same time, the fulfillment of assignments for the transportation of timber freight, fusing agents, iron and manganese ore, and chemical and mineral fertilizers is not ensured.

All railroads with the exception of Transcaucasian and Far Eastern railroads coped with the 10-month plan. However, at individual railroads the rates of transport operation are lowered. A total of 12 or 13 railroads have not coped with the plan in October. The biggest underload has occurred at Baltic, Donetsk, Transcaucasian, and Sverdlovsk railroads.

The use of the rolling stock improved somewhat as compared with the corresponding period of last year. The average freight car turn-around time was accelerated by 2.2 hours, the weight of the freight train was increased by 34 tons, and the section speed of freight trains rose by 1.9 percent. However, the planned assignments for these indicators were not realized fully.

The labor productivity of workers engaged in transport operations increased by 4.7 percent as compared with the similar period of last year and by 4.8 percent as compared with the plan. Production costs of transport operations were lowered by 0.5 percent as compared with the plan. On the whole, the sector received about 435 million rubles of above-plan profit.

Now at the end of the year it is important to consolidate the high rate of work and to improve its quality in every possible way in order to honorably cope with the high obligations adopted by the sector's workers and to meet the needs of the national economy and the population for transportation fully and at the lowest costs.

Problem Areas Reviewed

18290042 Moscow GUDOK in Russian 30 Oct 88 p 1

[Article: "The Pulse of the Network"]

[Text] The results of the sector's work during 10 months have confirmed once again what the backlog accumulated during the first half a year means. The severe malfunction in July (at that time the debt amounted to almost 8 million tons) and difficult August and October (on the verge of plan nonfulfillment) did not affect the total freight shipment as strongly as they could have. Transport realized the gross volume indicator 5 days ahead of schedule.

A few years ago such a situation would have fully suited everyone. Today, however, the quality of work and a full satisfaction of the need of the industry and the agroprom for transportation are put in the forefront. The situation is not so satisfactory here. Assignments for the delivery of timber freight, fusing agents, ore, and fertilizers have not been fulfilled.

The rate of labor productivity growth is dropping. Its recent significant increase has been connected with the introduction of the Belorussian method. However, this potential is beginning to be used in a worse manner. Whereas January ended with an increase of 9.3 percent, in 10 months the rate of growth dropped to 4.5.

There are two ways to fulfill the indicator projected for the five-year plan: To increase transport volumes, which is highly problematical, or to reduce the staff. The striving for realistic and, consequently, reduced plans has acquired a stable tendency at railroads. There are already examples of main lines attaining a correction of unconfirmed assignments.

In particular, after lengthy efforts the West Siberian Railroad succeeded in this with respect to petroleum products. If the railroad had not manifested persistence, it would have been transferred to the category of chronically lagging ones. Although from the very beginning it was clear that Omsk petroleum refiners were unable to meet their own orders.

The collective of the Daugavpils Department was in the most difficult situation. The situation is the same: The South-Western Administration of Main Petroleum Product Pipelines successfully overfulfills its plans month after month, but railroad workers owe more than 300,000 tons of loading. Material incentive funds are under the threat of loss. There is a great deal of such a lack of coordination.

The planning system continues to flounder, hampering the development of cost accounting. Although it is already evident today that it itself needs to be improved. Interrailroad relations are a special item here. For now the operational apparatus and the sector's managers

literally exhort empty open railroad cars at the same selector conferences. Only 2 out of the 24 control railroads fulfill the assignments today.

For this reason the Donetsk Railroad alone did not ship more than 600,000 tons of coal in October. Railroads try to first meet their needs for loading and then to deliver empty railroad cars according to the technical plan. And not without reason. After all, it is precisely loading that brings the basic funds. It is not yet possible to resolve this contradiction on an economic basis.

Nor was the problem with layovers of railroad cars at enterprises regulated. Despite the vast amounts of fines, which railroad workers collected, the expected effect was not obtained. During some months railroad cars accumulated at plant sidings as during the severe cold of January, when freight was transformed into a monolith.

The situation at the Beyuk-Kisyak junction between the Azerbaijan Railroad and the Transcaucasian Railroad is now as in winter. It has become virtually impassable. Instead of 40 pairs of trains, one-half of them are on schedule. Azerbaijan railroad workers have often called for help. Owing to the above-normative maintenance of railroad cars, overtime of locomotive brigades, and delay in freight delivery about 2 million rubles were lost there.

Judging from everything, the situation at the Transcaucasian Railroad is getting worse. The flow of refrigerators for mandarines is added to the excess pool and the extremely inefficient work with local freight. The harvest promises to be richer than last year. The operational subdivision of the sector's headquarters does not yet see the way out of the situation.

The Transbaykal Railroad, which has been feverish for 2 years, is viewed more optimistically here. The commissioning of an electrified line, finally, will make it possible to painlessly master the railroad car flow from the West.

For now, however, operators are forced to leave trains at stations. This wave has also seized the East-Siberian Railroad, rolling as far as the Krasnoyarsk Railroad. On the whole, at these three railroads more than 150 trains were abandoned during one of the last few days. Railroads again incur losses.

The collectives of main lines are completing the 10th month of work under the new conditions of management in such a situation.

Performance Problems Examined

18290042 Moscow GUDOK in Russian 6 Nov 88 p 3

[Article by V. Sluzhakov: "Both Profit and Losses"]

[Text] Cost accounting in its present form, probably, will bring more than one surprise. For example, we have already reported about the situation created at the Transcaucasian Railroad and about the fact that the railroad

operated with difficulty and was oversaturated with an above-normative pool. Freight operation proceeded slowly. The railroad car turn-around decelerated.

The situation was created not today and not yesterday. The new railroad chief was appointed not so long ago. However, so many problems were accumulated that, despite all the efforts of the collective and the ministry's assistance, the railroad did not fulfill the freight shipment plan. With its work it greatly complicated the life of its partner—the neighboring Azerbaijan Railroad, where losses run into millions.

It would seem that all this should have had an effect on the economic results of work of the Transcaucasian Railroad.

Let us glance at the report on the sector's work during 9 months by the Main Centralized Accounting and Finance Administration.

What is the main line's situation, for example, with profit? Five railroads did not fulfill the plan. Incidentally, the Azerbaijan Railroad is among them, but the Transcaucasian Railroad is not.

There is a similar picture with production costs. A total of 25 railroads did not fulfill the assignment, 14 of which disregarded the policy of economy, which caused an increase in transport costs, especially at Kemerovo, West-Siberian, Moldavian, Lvov, and Far-Eastern railroads. It is quite probable that this indicator at the Transcaucasian Railroad is also not lowered so seriously. Therefore, the railroad is not singled out especially.

Well, what is the situation with labor productivity? We have already said that transport rates at most railroads dropped. The rate of labor productivity growth was lowered to more than one-half. A number of railroads even surrendered the positions gained last year. And again the Transcaucasian Railroad was lost among the rest. The report did not even consider it necessary to mention it. On the other hand, strong railroads, where the transport volume is astonishing in its dimensions, are among the lagging ones.

Of course, it makes no sense to enumerate all railroads according to the realization of a specific indicator. There are special reporting forms for this. However, it is a matter of something else. After all, the railroad did not cope with the unloading—the volume indicator No 1, on which the sector's entire well-being is built. So that the very fact that the Transcaucasian Railroad received profit in spite of everything cannot fail to be of interest.

To be sure, specialists will find explanations. However, what is to be done with the losses of the Azerbaijan Railroad? Alas, today not a single railroad is accountable to another, even if it trips it up. To put it rather crudely,

is it possible to stop the transport conveyer, to plunge neighboring main lines into expenditures, and to get out of the water and remain dry? Such relations can hardly be called cost accounting.

The situation between the Moscow Railroad and the October Railroad is a characteristic example. In order to unload the main Moscow-Leningrad run, it was decided to operate trains along a parallel line through Savelovo. The ministry included them in the schedule. The Moscow Railroad began to bring the trains, but the October Railroad did not take them. Who will pay and compensate the collective of the capital's main line for losses? No one. This is not done. They worked like this for years. They also continue now.

Unfortunately, contracts between railroads, which would regulate economic relations, still remain only good wishes. Wide opportunities to go for a ride at someone else's expense appear.

Collegium Examines New Action Program
18290016a Moscow GUDOK in Russian
20 Sep 88 pp 1-2

["A Specific Program of Actions (in the Collegium of the Ministry of Railways)"; first five paragraphs and last two are GUDOK introduction and conclusion]

[Text] Gudok has already informed the readers that in Moscow, on 8 and 9 September, an expanded session was held of the collegium of the Ministry of Railways, with the participation of chiefs of roads, subways, a number of road divisions, associations of industrial railroad transport, plants, VUZ directors, scientists, specialists and chairmen of road committee trade union workers of railroad transport.

Taking part in the work of the collegium were V.U. Davydov, first deputy head of the the Department of Transport and Communications for the CPSU Central Committee, responsible workers of the CPSU Central Committee, certain ministries and departments, members of the Presidium of the Central Committee of the sectorial trade union and the party aktiv of the Main Administrations of the Ministry of Railways.

The report "On Measures To Implement the Resolutions of the July (1988) Plenum of the CPSU Central Committee into Railroad Transport," was given by N.S. Konarev, Minister of Railways.

The following road chiefs spoke at the meeting: Central Asian—N.A. Belogurov, Sverdlovsk—B.M. Skvortsov, Belorussian—A.G. Andreyev, Krasnoyarsk—V.P. Babenko, Alma-Ama—K.D. Kobzharov, Tselin—A.V. Starodub, Moldavian—Yu.M. Gerasimov; division chiefs: Kustanay division of the Tselin road—B.I. Rubinshteyn, Moscow-Yarosl division of the Moscow road—I.B. Ulchitskiy; Plant chiefs: Velikolukskiy Locomotive

Repair—P.D. Sen, Moscow Car Repair imeni Voytovich—L.A. Ivanov; chiefs of the main railroad administrations of the Ministry of Railways: car service—I.I. Khaba, railroad dining cars—K.H. Khvesin, worker service—N.D. Sinenko; Deputy chief of the Main Administration for Centralized Accounts and Finances—A.V. Martynchuk, director of MIIT, corresponding member of the USSR Academy of Sciences, V.H. Inozemtsev, doctor of economic sciences N.N. Kulyagin, chief of the Moscow Association of Railroad Restaurants, E.Z. Molodetskiy, chief of the Soyuzglavzhildoravtomatizatsiya Scientific Production Association V.S. Skaballanovich, deputy ministers: A.Ya. Sidenko, G.M. Korenko and N.K. Isingarin; deputy chief of USSR Gosplan—A.N. Bezenko, chairman of the Central Committee of the Trade Union of Railroad Transport Workers and Transport Construction I.A. Shinkevich.

Today we are publishing a detailed account of the meeting.

The July Plenum of the CPSU Central Committee determined the paths for practical realization of the resolutions of the 19th All-Union Party Conference, which held an important place in the political milestone of restructuring. Supported by these resolutions, and after critically analyzing the activity of railroad transport in the first half of the 12th Five-Year plan, the collegium, worked out a plan of actions directed toward developing and intensifying restructure in the sector and toward its output toward new, higher milestones.

It was noted that since the beginning of the five-year plan, positive changes have been achieved in the technology and methods of accounting, which had a positive effect on the results of fulfilling the assignments for the basic indicators.

In 2.5 years, over 10.2 billion tons of various freight was shipped, 142 million tons more than the plan. Already, in 1987, the volume of passenger turnover actually fulfilled exceeded the level approved in the five-year plan for 1990, and constituted 402 billion passenger-kilometers.

Intensifying the transport process, and especially increasing the weight of the trains and the static loads, made it possible in 1986-1987 to develop the growth of the freight shipments by 70 million tons.

It was particularly significant to introduce on the roads, at the industrial enterprises and on the subways, the experience of the Belorussian road. This made it possible not only to stop the negative trend, when for many years there was hardly any increase in labor productivity, but also to achieve a sharp increase in this extremely important economic indicator: by 18 percent in 2.5 years of the five-year plan.

The volume of transport work fulfilled by the smallest staff increased by over 3 percent. On the whole for the sector, 307,000 workers were released.

The sector's industrial enterprises increased the production volume on the whole by 12 percent, as against the planned 7 percent.

The subways are operating with a heavy load. In the two and a half years it transported about 122 million passengers above the plan. Labor productivity here increased that planned by 8.6 percent, and the production cost of transport dropped below that planned by 2.2 percent, which has made it possible to reduce the amount of planned loss by almost 20 million rubles.

The Belorussian method became a powerful stimulus for solving social problems in the sector.

The average monthly wage of the workers employed in transport has increased by 42 rubles since the beginning of the five-year plan, or by 18 percent, and reached 276 rubles.

The wages also increased in other spheres of the sector's activity—in construction, to 251 rubles, or by 11.6 percent, in industry—by 248 rubles (9.5 percent), at the Glavpromzheldortrans enterprises—by 250 rubles (23 percent) and for subway workers—by 257 rubles (23 percent).

The fact that the sector obtained over one billion rubles of above-plan profit was an important economic result.

Positive improvements were noted in the construction of housing and other objects of the social sphere. As compared with the 11th Five-Year Plan, the average yearly introduction of housing area increased by 16 percent, of children's preschool institutions by 6.6 percent, and of polyclinics—by a factor of 2.8.

In the 2.5 years, 98,500 apartments were constructed.

The results achieved, as was noted by the reporter and those speaking at the expanded session of the collegium, could not help but cause rejoicing. There remains, however, a feeling of dissatisfaction and of great alarm for the fate of the five-year plan and the achievement of the milestones outlined. The many shortcomings in the work, in the utilization of the production potential, the lack of management and irresponsibility which often appears, and particularly the situation with respect to safety not only make it impossible to be satisfied with what has been achieved, but requires severe measures to stabilize the situation and to move ahead.

The essential lagging behind the goals of the five-year plan for freight transport is a worry. On the whole for the network, already by 1987, for the milestone outlined by the five-year plan, 30 million tons had not been supplied. In 1988 the lagging behind was incorporated in the plan: after all, the control figures for shipping freight were 50 million tons lower than the five-year plan, and the plan approved by the roads themselves was still lower—by

almost 117 million tons. This unpleasant trend will be maintained in 1989 as well. The roads, in the draft of the plan, were revealed to be still 167 million tons of freight lower than was outlined.

This, then, is the picture. While 19 roads carried into the coin box of the five-year plan some 180 million tons of above plan shipments, the remaining 13 practically reduced to naught the efforts of the others, and lagged behind by 154 million tons.

Fulfillment of the plan for transports is not only providing for the transport needs of the national economy and the population, which is the primary duty of the railroad workers, but also the material and financial well-being of our sector. After all, the losses in transport volumes are also losses of income. We know that transport obtains 67 percent, that is, two thirds of all the revenues, from shipments. Therefore, we must emerge at least at the level of the assignments of the five-year plan. Of course, it is a question of the transports being really necessary and efficient.

The situation with respect to the use of the rolling stock is far from a happy one. The car turnover is being accelerated extremely slowly. On the Transcaucasus (railroad chief Com. Blazhevskiy), the Kemerovo (Com. Valkov), the Baltic (Comrade Moshenko) and certain other roads, it is even regularly delayed.

Fulfillment of the programs to raise the train weights is being disrupted. Since the beginning of the five-year plan it has increased by only 97 tons, while a 100-ton yearly increase is specified. On the Azerbaijan, Volga, Sverdlovsk, Kuybyshev and Southwestern roads the increase in train weight constituted only from 7 to 32 percent of the assignment for the five-year plan.

It was emphasized at the collegium meeting that the quality of passenger service causes particular alarm. Queues at the ticket booths. Dirt at the stations and in the cars. Extremely poor commercial organization. The sloppy appearance of the station buildings. A lack of loading platforms. Disruptions in the schedule of passenger train traffic (on the whole for the network it is only 94 percent fulfilled). There is no proper way set up to obtain information.

The conductors and workers at the stations often become callous to the passengers. All of this causes justified reproaches and complaints from the Soviet people. This situation is particularly unsatisfactory on the Transcaucasian, Azerbaijan, Central Asian, Baykal-Amur Mainline, Volga and Far Eastern roads.

Of course, one can no longer put up with wrecks, accidents and defective products in the passenger transport operations. The tragedies alongside Bologoye and

Tbilisi and at Kamensk and Koristovka aroused justified anger from the people. Very serious conclusions should be drawn from this, and the situation decisively straightened out.

Trade and services at the stations and on the trains are developing at slow rates. The potentials for creating cooperatives by the railroad workers themselves are poorly utilized. Strangers warm up to them and they are sometimes rejected. The meeting dealt directly with the main problem of restructuring the railroad restaurant system so that it would become a component part of the roads.

Well-grounded concern is caused by the situation that has formed with respect to strengthening the physical-technical basis of railroad transport, specified by the plan for supplying equipment. In the first half of the five-year plan, the plan for putting new lines into operation was fulfilled by only 47 percent from the five-year assignments, for secondary tracks—by 39 percent, and for electrification of the roads—by 42 percent. According to estimates for the five-year plan, the introduction of secondary tracks can be only 80 percent fulfilled, and for line electrification—only 90 percent. A large number of facilities for locomotive, car and other work cannot be constructed.

The shortcomings in capital investments assigned for development of the sector unquestionably had an effect, but also, the directors of the main administrations of the Ministry of Railways, the roads, plants and subways sometimes have an irresponsible attitude toward using the funds allotted. In 1986-1987, they were not utilized, and this means that 124 million rubles worth of capital investments were irretrievably lost, and of them, 51 million rubles were for construction and installation work.

Even after the sector's transition to full cost accounting and self-financing, dependence continues to appear. Sometimes capital investments are thoughtlessly used to the limits. Already, in the first half of this year, there were 20 million rubles worth of capital investments (not counting the BAM projects) left unutilized. In addition, 150 million rubles worth of capital investments, financed through the funds for development of production, science and equipment went unutilized, and 12 million rubles were not utilized for construction-installation work.

Next year, even the minimum requirements for the sector are not ensured by the limits of capital investments. Requests to the Ministry of Railways to seek additional limits are unsatisfactory. Consequently, it is particularly important to make efficient use of what is allotted, by persistently achieving a saving of resources and through developing a heightened construction volume.

There must be an increase in revenue and a reduction of expenditures, and above-plan profit obtained. The Minister showed by specific figures that this leads to a reduction in roads and enterprise sizes and that the amount of profit for next year is 500 million rubles as against the control figures. The plan forms a serious imbalance, which will make it impossible to make ends meet.

Let the actual withholdings be considerably higher. This too will expand the possibilities of the roads, but how can rolling stock be treated as an acquisition? The shortage in funds forces the Ministry of Railways to give up purchasing moving stock, particularly electric trains and passenger cars, which are greatly needed by the railroads, and, in addition, are constantly increasing in cost.

An analysis of the shortcomings in the first half of the five-year plan, said the reporter, clearly shows the extreme severity of the tasks facing the sector. They are very simple and uncomplicated, but they must be fulfilled. Not a moment can be lost.

The new economic mechanism is being felt more and more tangibly, and clearly demonstrates not only its advantages, but also poses many problems. There are still many questions that have not been adequately worked out, and must be resolved quickly and effectively. This process, however, is moving very slowly. Formal-administrative work methods are still alive, and there is no really creative approach, and no anxiety about the state of affairs in the sector.

The personnel of the Ministry of Railways is reacting poorly to demands for roads and enterprises. This situation must change radically. Any demand should be quickly examined, or else there is no possibility of satisfying the request, and there should be immediate information on whether unjustified hopes are being raised. Work should begin in a new way, with no return to the old ways. This must be firmly explained to everyone.

It is scarcely possible to consider, with full substantiation, that railroad transport has arrived at full cost accounting and self-financing.

The yearly currency revenues of the sector from transport, production and services is 29 billion rubles. As a source of financing the expenditures for developing transport, 5 billion rubles from the economic incentive fund and amortization deductions for full renovation are used. Therefore, the total amount of financing sources is over 34 billion rubles.

The expenditures for the Ministry of Railways, however, constitute approximately 36 billion rubles. They break down in this way. About 24 billion are for routine

production expenditures, 7 billion—for capital investments, 1.4 billion—for expenditures to maintain sanitation and enlightenment for the sector, 1 billion—for material incentive and 2.8 billion rubles—for deductions for the budget.

Consequently, expenditures exceed revenues by 1.8 billion rubles. These tremendous funds are reimbursed to the sector from the state budget.

Here is where the task stands of seeking additional possibilities to improve the financial situation and eliminate the state subsidies. Only then will we be able to speak of full cost accounting and self-financing. This means that everyone must be more assiduous, economical, thrifty and enterprising masters, filled with initiative.

Just what are the specific possibilities for giving up subsidies?

First of all, to strive to fully satisfy the needs of the national economic complex for transport, to go halfway to find the loads and to strengthen contacts with freight consignors on the spot. To work out and adopt real, but at the same time, stepped up plans, mobilizing, but not weakening the collectives.

According to the freight shipped we should emerge in 1989 at a milestone of 4,225, and in 1990—of 4,300 million tons.

So far, the roads' proposals amount to a much smaller sum. If they are adopted, then next year the sector will fail to obtain in the order of 750 million rubles of income and over 150 million rubles of profit. There will be the same losses in 1990 as well, if the milestones of the five-year plan are not adopted.

The sectors have resolved to use contractual tariffs for transport and loading and unloading work. In order to pay them, however, there must be a better quality of transport, active work, reducing the periods for delivering the goods, heightening the speed of the trains movement, ensuring the preservation of the contents, and a smooth flow of cargo operations, in a word, the work must be excellent.

So far the work is moving extremely slowly. At present, only 11,500 such agreements have been concluded, for a total sum of 8.8 million rubles. This is an extremely low figure.

The most modest accounts attest that if the roads fulfill only one-tenth of the transports by contractual tariffs, and will begin to be used more actively for loading and unloading operations, the total amount of revenues from freight transport will increase by 500 million rubles, and for loading-unloading operations, by at least 50 million.

Quite a lot of additional revenue can also be provided by accelerated development of passenger transport.

The state order for 1989 for passenger turnover is outlined as 417 billion passenger-kilometers, and the revenue from transporting passengers, baggage and services on the trains is planned as 3.8 billion rubles. With skillful organization of the matter, there is already a potential next year of approaching the four-billion milestone for revenues.

This requires that the state order for passenger turnover be overfulfilled by 3-3.5 percent, and that a transport volume of 428-430 billion passenger-kilometers be developed. This requirement for transport is a real one. Using this potential can add about 150 million additional rubles of income.

The enterprises of all sectors of our multifaceted economy should contribute to raising the income.

Industrial railroad transport should provide a weightier contribution. It will bring the sector revenues in the order of 340 million rubles. This is very little, if one takes into consideration its fixed capital worth 1,131 million rubles. It comes out that Promzheldortrans obtains only 30 kopecks of revenue per ruble of fixed capital.

Promzheldortrans is faced with a problem: to obtain at least one ruble of revenues per ruble of fixed capital. This will make it possible to increase revenues by at least 600 million rubles per year.

The industrial enterprises of transport play a large role in the sector's financial well-being.

Sizable funds are invested in the development of industrial enterprises, primarily in the plant base of TsTVR [Main Administration for Repair of Rolling Stock and Spare Parts Production], which constitutes the basis for the sector's industry. For example, while beginning in 1985 the capital-output ratio for the sector's industrial enterprises, with the exception of TsTVR, increased from 1.13 to 1.57 rubles, or by almost 40 percent, with the increased cost of fixed capital for the TsTVR for this period it was 27 percent, and the output-capital ratio dropped only 14 percent. This lost over 280 million rubles of revenues.

There must be a radical change in revising the structure of the sector's industrial production, and a decisive course must be taken toward increasing the output of new products. The need for this is extremely urgent. The primary development should be the production of new freight and passenger cars, since counting on obtaining them from industry in the necessary volumes will not occur in the near future, and expending tremendous amounts of capital (over 1.1 billion rubles) on repair will

become completely disadvantageous. There should also be serious attention paid to reworking some of the production capacities for the output of consumer goods.

An increase of 1.6-1.7 billion rubles should be provided for the paths listed to increase revenues. Of course, drawing in additional revenues should be combined with the utmost reduction of all types of expenses.

Today the sector's operational needs consume over 15 billion rubles a year. From this sum, the locomotive industry costs 5.376 million rubles, cars—2.584 million, track—2.280 million, transport—893 million, signals and communications—787 million, power and electrification—419 millions, passenger—600 million, container transport—382 million and civil construction—215 million rubles.

The goal is set—to reduce operating expenditures by 3 percent. This will yield 450 million rubles additional profit.

There are quite real potentials for carrying out this task.

Right now expenditures for overtime payments, layoffs and unplanned repair due to unsatisfactory use of locomotives and cars exceed 170 million rubles. For 150 million rubles a year, fines can be avoided for delayed delivery of goods and for not returning cars for loading.

Tremendous nonproductive expenditures are borne by transport as the result of a negligent attitude toward the cars during loading and unloading and switching operations. Merely restoring damaged cars yearly costs in the order of 30 million rubles. Along with the losses from excluding these cars from the transport process—this is about 500 million rubles a year!

There are great losses due to the unsatisfactory situation with traffic safety. In addition to serious moral expenses, wrecks, accidents and rejects cause a tremendous loss of hundreds of millions of rubles. In 1987 this constituted about 300 million rubles.

How do we use the production potential? At the sector's industrial enterprises alone, 20 percent of the machine tools are idle. The coefficient of shift change for operation of the metal working equipment was reduced from 1.29 in 1980 to 1.14 in 1987.

There must be a steady increase in the intensity of using the equipment. This will make us free from the obsolete, worn out resources of the equipment and enable us to replace it with highly productive equipment.

Very poor use is made of the multi-thousand numbered park of trucks in the sector. Almost one-fourth of the technically faulty machines stand idle. The number of empty runs is unprecedented—80 percent. Downtimes for motor vehicles and expenditures to maintain them cost the sector 50 million rubles.

The so-called unused potentials and losses permitted exceed 1 billion rubles. To draw this reserve into the matter is a very important task and obligation for all workers in the sector.

Under the conditions of cost accounting and self-financing, there should be no unprofitable enterprises. They simply must not have the right to exist. Today, however, there are over 150 of them in the sector. Their fate should be decided.

The situation is particularly complex with respect to the Baykal-Amur Mainline and the subways. BAM brings a yearly total loss in the order of 200 million rubles. There are two ways out here. Either, by the end of the five-year plan, by reducing its tremendous expenditures and increasing the work, the road will cease to be only an expenditure, or a decision will have to be made about reorganizing it, through splitting it up into parts and turning them over to neighboring roads.

The Ministry of Railways spends in the order of 90 million rubles a year to cover the losses of the subways. By 1990, considering the introduction of the subways at Sverdlovsk and Dnepropetrovsk, the subsidies will constitute almost 150 million rubles. Beginning on 1 January of next year, it is planned to convert the subways to full scale cost accounting and self-financing. In order for it to be able to exist at full value under the new conditions, an estimated tariff should be introduced, with full compensation for the subsidies through the assets of the municipal Soviets of People's Deputies, the rights of which will now be considerably expanded in the formation of local budgets.

The All-Union Party Conference and the July Plenum of the CPSU Central Committee set the task of accelerating market saturation with various commodities and services and developing work everywhere to improve the output of consumer goods. As was noted at the session of the Ministry of Railways Collegium, this is still in a rudimentary state with respect to transport work. Only 0.8 kopecks worth of consumer goods are produced per ruble of the wage fund, and, together with paid services—only 5 kopecks worth. Revenues from putting out consumer goods and services constitute only about 2 percent of the total revenues for the sector. Some directors defy the figures, declaring: the volume of paid services for us has increased by 20-30 percent. What is covered by these percentages? Included among the paid services are collection for the preliminary ticket sale, services of the porters and luggage storage, rent, payment for caring for children at children's institutions, sanatorium-rest home treatment—all of this constitutes about 90 percent. But just where are the services for the people?

Our sector is faced with bringing the output volume of nonfood items to 132 million rubles by 1990, a 49.5 percent increase. In 1995 the total volume of their production should be increased by over a factor of 3. A

considerable growth of paid services, especially nonspecialized ones, is also specified. By 1990 it should increase to 28 percent, and by 1995—more than double. These should be considered minimum assignments.

To carry out this program there must be a necessary base—both through creating new and restructuring and reequipping of existing shops and sections producing goods, and through reprofiling and loading not fully utilized capacities and facilities already launched.

Railroad transport has created a good stockpile to increase, during the five-year plan, labor productivity by 28 percent. However, the situation, that has formed this year is a cause for alarm. After all, the productivity rates have begun to fall, particularly noticeably in the second half of the year. The primary task is to stop this fall, so that this year will be completed with at least a 5-percent growth of labor productivity from the past, and to release another 26,000 persons. In the last two years of the five-year plan, at least a 6.2 percent increase must be achieved.

We should also think about the long term future. No essential increase in labor productivity is expected to come through increasing the volume of transport work. The stabilization of this indicator gives no possibility of a further rise in wages.

Because of this, the program of action must be precisely determined.

In each of the two preceding five-year plans, railroad transport was to release about 300,000 persons from the operational contingent alone, and by having achieved a growth in labor productivity, of at least 26 percent in each five-year plan, to guarantee a 22-24 percent increase in the average monthly wages.

The main condition, without which it is impossible to move forward is updating the production facilities, equipment and technology on the basis of the newest achievements of scientific-technical progress. First of all, the orientation should be directed toward widescale introduction of automation, telemechanics and mechanization, toward a fundamental revision of the entire technology of the transport process, industrial, construction and repair facilities and toward further improvement in the organizational structures and economic mechanism.

Another important condition is interesting each worker in intensifying and raising the quality of work, both through increasing wages and by creating better working conditions. Without the active, interested participation in these processes, and the creativity of the workers themselves, there can be no question of any move forward.

For long years, directors of production facilities have made the grave mistake of pushing the solution of social problems to the background. Most of them were convinced that creating normal conditions for the workers was primarily a job for the state, and not for them. This was a profound error.

Housing conditions depend above all on wages. In railroad transport, for workers in leading occupations, this has averaged from 12 to 25 percent since the beginning of the five-year plan. The machine workers for steam and electric engines in the freight division obtain about 450 rubles a month, yardmasters—about 340, regulators of the speed of the cars—282, car inspectors—287, track technicians—234, electrical machine operators for STsB [signalization, centralization and blocking] and communications—248, with the average for the operating contingent being 276 rubles.

A painstaking search for reserves will create the conditions for raising wages in 1990, on the average, up to 300 rubles a month.

In order to put this into practice, there should be widescale introduction of collective, family and hire contracting, and development of a network of cooperatives. This will make it possible to release an additional contingent and obtain the necessary saving of the wage fund.

The meeting of the collegium presented an instructive experiment in using the family procedure on the Kurganskiy section of the line. Here three families—a total of six persons—took on the service of a length of four kilometers on the basis of contracting. They undertook the preservation of the instruments, small mechanization devices and motor scooters. The result was that the track was kept in good condition and the average wage rose from 200 to 320 rubles per month.

At Yesila, the Tselin road went even farther. Here, the entire track has been operating with brigade contracting since February of this year. The track is in good condition, and the technicians' wages rose by 52 rubles, to 250 rubles.

The same method can be used to raise the quality and wages of workers in the nonproduction sphere—medical institutions, educational institutions, trade, etc. The main administrations should work out specific programs of action in this direction. They should be engaged in this directly. Thought must be given to how to efficiently facilitate the work of those who have taken on the great burden: the work places should be more energetically equipped with modern equipment and with means of large and small mechanization.

The housing problem is extremely critical for transport. The number of those needing an improvement in living conditions is over 426,000 families. This is 12 percent of all the workers. A great deal of concern is caused by the

child care institutions. There are about 110 children on the average for 100 places in kindergartens and nurseries, and on some roads even up to 120. One fourth of the children study in a second shift, in overcrowded classes.

The housing construction program worked out by the Ministry of Railways, which is now being put into practice, specifies putting 200,000 apartments into operation in the five-year plan.

According to calculations, to provide each family with a separate apartment or house by the year 2000, housing construction must be increased by at least a factor of 1.5 in the 13th Five-Year Plan, and doubled in the 14th. In the next two five-year plans over 700,000 apartments must be put into operation.

There should be more active construction of housing using the economic method, by creating housing cooperatives in which even the young people could develop individual construction.

The most fixed attention should be paid to improving medical service, preventive maintenance of health and organizing leisure and cultural spare time for the workers. The picture here is still extremely alarming. Over one-third of the hospitals have been placed in facilities which must be torn down. Provision with sanatoriums-preventive medicine facilities is only 24 percent of the normative demand.

Solving social problems and satisfying the housing needs of the workers should be placed at the forefront of all the economic activity.

Many directors have a disdainful attitude toward providing workers in the sector with special work clothing and special footwear. The special clothing does not always conform with its functional purpose and offers little protection against grease, oils, toxic substances and fire. The footwear is heavy and does not withstand long periods of wear. At many enterprises the special clothing is worn without timely laundering and chemical treatment, is not subject to repair and is often issued in the wrong sizes. Other directors, particularly on the Kemerovo and Krasnoyarsk roads, have resolved to save money on special clothing.

There are many justified reproaches against the quality of the uniforms. It is time to organize, at all the sewing workshops and clothing shops, preresources for the individual fit of the uniform; and to adjust to a continuous sale of shirts, badges of distinction, headgear, ties and footwear.

At the meeting of the collegium, both N.S. Konarev, who gave the report, and the directors of the roads, plants and main administrations who spoke devoted a great deal of attention to the food problem.

Transporting agricultural products requires special efficiency and strict adherence to the rules of transport, particularly for perishable goods. There are a great many shortcomings in this work. A number of roads, above all, the Kuybyshev, Transbaykal, Moldavian, Volga, Odessa and Northern, are doing poor work with the refrigerator cars. They stand idle for a long time, waiting to be unloaded. Their load carrying and space capacity are unsatisfactorily used. The turnover of refrigerator cars on the whole for the network is 13-14 days.

In the near future this must be accelerated by at least three days. The utmost effort must be made to develop and inspire the organization of highspeed trains on firm schedules, the so-called "produce-expresses."

The network agricultural enterprise railroad transport—from sovkhozes and subsidiary farms—is in need of rapid development and serious improvement. In the last few years we have succeeded in achieving a rise in the production of agricultural products. Since the beginning of the five-year plan, the number of subsidiary farms has increased by 132, or by 18 percent. Meat sales rose by almost 16 and milk—by 2 percent. This is of course extremely low for our tremendous industry.

There are only 3.7 kilograms of meat and 4.6 kilograms of milk per worker per year.

The roots of dependence, inertia and inability to take on the slightest trouble are still deep. The subsidiary farms do not have many plants or enterprises for the rail industry, no cars and locomotive depots and stations.

We have mentioned specific examples of skillful management on the land. On the Guryev stretch the tracks for the loading-unloading work have been mechanized, the Rostov track for forest protection settlements, the stations at Seyma and Yesil and Kalinkovich have sold each worker dozens of kilograms of meat. We were told how well the situation went at the Velikolukskiy Locomotive Repair Plant by Com. Sen, chief of this enterprise. On the whole, there were many examples to imitate, by using experience.

A difficult task was set: by 1990, to bring the production at subsidiary agricultural enterprises and organizations in the sector, for each worker as a minimum, up to 10 kilograms of meat and up to 15 kilograms of milk.

Solving this problem will require a display of initiative, economic gumption and an enterprising nature.

It is very important for the party to develop individual subsidiary farms. We do not have to prove how important this is for the railroad workers, particularly those living at the line stations and in working settlements. The conditions and potentials exist for this. It requires the concern and utmost assistance of the directors.

The restructuring of the commodity service for the railroad workers has not yet yielded perceptible results. The commodity network is in a neglected state. Despite this, sometimes the new stores constructed from the resources of the railroad workers are turned over to nontransport organizations. The situation is no better with the dining halls.

The collegium instructed the road directors and the trade union organizations to make an attentive examination of the situation in each ors [division of workers supply], to develop a special program for updating and improving the commodity network and to immediately proceed to its implementation.

The cooperatives can be of great assistance in improving the organization of the commodity and everyday services. Work has begun on creating them in the orsy, but it is going extremely slowly. On 1 July there were only 129 cooperatives, which yielded proceeds of only 4.5 million rubles. It is impossible to reconcile ourselves any longer to rates like this when carrying out the resolutions on developing the cooperative movement.

Even the briefest enumeration of the work that is underfulfilled on the social plane, noted the minister, shows the great seriousness of the problem and the interrelation between the two decisive directions of work. Without the proper attitude toward the truly vital needs of the people, there will be no restructuring, and the possibilities for a sharp improvement in living conditions should be created through a radical turnaround in production and creative processes.

Restructuring has begun in the organization of the transport process. The organizational part of forming a unified administrative system based on dispatcher management from the station processes to the network level has been completed. The main principle of it is the end result, that is, arranging the car fleet, organizing the unloading, regulating the policy that is subordinated to one thing—smooth dispatch of the cars in full volume.

We are faced, in an extremely brief period, with providing this system with modern devices so that it may combine precise technology and the possibilities for its efficient change. This work should be carried out in two directions. From below—by automating the station processes related to processing train documents and organizing the reception and dispatch of trains, their formation and also introducing advanced experience. And from the top—on the basis of creating an automated system within the context of the Ministry of Railways dispatcher center and 45 regional centers (ADTsU).

This system will not be able to operate efficiently unless the nature of the work of the central figure—the train dispatcher—is changed. Here however, so far no change has been observed. Serious work must be done on this, at the main administrations, scientific research organizations and at the work places.

The technological feasibility of the traffic schedule should be increased, in order for it to specify the schedules for freight trains of various categories: specialized turntables, high-speed vegetable and fruit trains, etc., and the work fixed "from the wheels up" (Rhythm), to link, in a unified process, the consignors-road-recipients.

Serious updating is required to organize the formation of the trains, particularly in the direction of increasing the distances of the technical and shipping routes, reducing the excess loads of the cars at the centers, eliminating the violations, and the formation plan.

Particular attention must be paid to work at the stations and junctions. Some of them are overloaded. There are not enough grading and sending-receiving tracks. Station processes are being only slowly automated. Stagnation is often observed in the technology. ASU [automated control systems] are in operation at 70 stations. By the end of the year there will be 76 of them. We have a total of 285 decisive stations.

The new technology has barely touched the freight stations, and there are a considerable number of them in the network. After all, we have a good pattern of instructive experience to spread here—the method of the Beskudnikovo station.

Major changes should also take place in the car facilities. Today over 77 percent of the fleet of cars are operating on roller bearings. Completing the conversion to roller bearings will make it possible to lengthen the sections of nonstop movement of laden trains to 500-600 kilometers, and of empty ones to 900-1000 kilometers. The national economic effect will be 480 million rubles a year. Some 18,000 persons will be freed from heavy work conditions at the PTO [point for technical inspection of cars]. It is very important to do all this, in order to seek out all the necessary resources to complete the solution to this major, key problem during this five-year plan.

At present there are 13,000 persons working in the organizations and technical service for the sector. Unfortunately, this scientific potential is used ineffectively. New, high-efficiency transport devices and control systems and industrial processes, guaranteeing safety and regularity of the traffic, are being developed and introduced at slow rates. The scientific level is low for recommendations on improving the economic mechanism, organizing the transport process and interrelations of the roads, divisions and structural units under the new conditions for the economy. The periods for many developments stretch out, and sometimes the scientific-technical problems are not completely solved.

Restructuring the scientific-research activity should be activated. In order to create an anti-expenditure mechanism in science, it is expedient to introduce the relation

of prices for scientific production to its resultativeness (efficiency and scientific technical level), that is, to put into practice the principle of payment according to the end results.

Restructuring is opening up great possibilities for the development of scientific-technical and economic ties with other countries. Organizations and enterprises have now been granted greater rights and can do a great deal independently.

The direct ties established at enterprises of the Ministry of Railways with their foreign economic partners have not yet yielded any perceptible effect. The Zheldorexport foreign trade firm has been established by the Ministry of Railways. It concluded over 5 million rubles worth of contracts on export operations, including some in freely converted currency worth 3.4 million rubles. A number of the contracts are now being processed. This is, of course, only the beginning.

The minister analyzed in detail the extremely alarming situation connected with the safety of moving trains and the causes of wrecks and accidents. Gross violations of technology, slack control on the part of the officers in charge and inspectors, shortage of materials and spare parts, lack of reliable modern means of controlling the state of the tracks and the rolling stock, negligent attitude toward discipline and adherence to established rules—those are the main causes of most of the serious wrecks.

The structural reform and intensification of the inspection staff has not yielded the necessary results. No fundamental changes have been carried out with respect to safety. A characteristic explanation at the meeting of the collegium was that of Com. Kobzhasarov, chief of the accident-ridden Alma-Ata road, who spoke sensibly but still could not see what to do specifically to impose order into the matter.

The collegium asked all the directors of roads and divisions, enterprises and all the railroad workers to apply maximum efforts to fully carry out the set of measures outlined and to achieve a guarantee of safe train traffic everywhere.

A sharp debate flared up at the meeting on reforming the structure of the sector's administration. The opinion was expressed that it was expedient to convert to sectorial administration, eliminating the divisions and intensifying the role of the services. Others, on the contrary, stood up for strengthening the divisions. Com. Andreyev, chief of the Belorussian Railroad, spoke of the interesting plans for concentrating the dispatching personnel and restructuring the administration on the basis of wide-scale use of electronic computers. He obtained permission for the experiment.

Most of the participants speaking at the meeting agreed with the point of view expressed in the minister's report.

The strategy in the coming period should be aimed at maintaining the railroad and divisions, with considerable consolidation of them. The correctness of this decision is confirmed by the many-years experiment in the work of roads such as the Moscow, Oktyabrskaya (Leningrad), Sverdlovsk, Southern Urals, Gorkiy and Northern. Therefore, in time there must be a revision of the problem of consolidating the roads, particularly of the Ukraine, regions of the Northern Caucasus and the Transcaucasus, the Volga, the Kazakhstan and the Siberian. On the basis of the transport technology and the territorial principles that have formed, allowing for the introduction of new methods and devices for administration, 10-12 roads can be consolidated and 30-35 divisions eliminated, with a negligible amount of work.

It is also expedient to consolidate the line subdivisions—roundhouses, stations, track sections, etc. Estimates show that such consolidation of roads, divisions and their subdivisions will make it possible to reduce 13-14,000 workers from the transport administrative system.

The structure of the road administrations and divisions should also be simplified by combining divisions and services and reducing the number of directors.

In order to successfully fulfill the goal for labor productivity, by 1991 the administrative system should be reduced by 20 percent, and brought to 8 percent of the total number of workers, be they in operation, in construction, in industry or in other work spheres. Eight percent—this is the landmark for the end of the five-year plan.

Creating major roads and divisions will make it possible to enter into efficient administration of the transport work in network directions with widescale introduction of automated control systems. This will sharply increase the transport quality and raise the revenues.

The inescapability of Lenin's principal of the extraterritorial nature of railroad transport was once again emphasized at the meeting of the collegium. Extraterritoriality means unity of the network of railroads, providing statewide, all-national goals. In this lies the distinctive principal feature of the sector's structure. The roads, divisions and their subdivisions are component parts of a unified organism, solving a common state task—stable transport for the country and stable functioning of the entire national economy.

The party requires the positive elimination of shortcomings in personnel work and a radical improvement in the selection and training of personnel, on the basis of strict adherence to Lenin's principles. All sections of economic activity in transport should be headed by politically mature directors with a good knowledge of their work, and with high moral qualities, used with authority in the collectives, and capable of successfully putting into practice the party policy.

In the current five-year plan, work has been done to strengthen the directorial unit in the Ministry of Railways system and on the railroads. Many new, energetic and experienced directors have come into administration of the roads and divisions. An efficient system in work with personnel has been developed at the North Caucasus, Belorussian, Donetsk and certain other railroads. At the same time, many places still pay little attention to selecting and training personnel reserves, ready when necessary to go on to a shift and do their work successfully.

Further improvement in work with personnel should be implemented on the basis of expanding the democratic principles. This is above all, appointment by election, a competitive system of assigning duties, openness and responsibility of the official before the collective, and attestation from the workers. At present, a list of duties is being prepared in transport, appointing by voting, which is also a positive experience. Already over 3000 persons have been elected, including 700 first directors of VUZ's, divisions of the Railroads, stations, track sections, signalization and communications and locomotive and car roundhouses. The overwhelming majority of these are literate, skillful people enjoying the authority of directors.

Where personnel are not employed, it was emphasized at the meeting of the collegium, even elections do not guarantee against errors. They must be seriously trained, work with people, have the ability to control the process and offer the collective a broad selection of worthy candidates. This is a guarantee against errors and against random decisions. An important unit of the personnel policy is efficient use of national personnel. We know how complicated the situation was that recently formed in Armenia and Azerbaijan because of the events at Nagorno-Karabakh ASSR. In this situation too the railroad workers showed themselves in the best light, would not stop work for a minute, ensured the delivery of goods and foodstuffs necessary to the national economy, etc. The personnel of the Yerevan division, headed by Com. Kandilyan, found itself under special conditions. Displaying political maturity, he succeeded in organizing precise, continuous work for both Armenian and Azerbaijan railroad workers.

By no means everywhere is the necessary attention being paid to our national personnel. The situation in the Baltic republics causes particular concern. Here there is a very low percentage of specialists and personnel workers of the basic nationalities. Work is poorly done to train national personnel for the Central Asian, Azerbaijan and Transcaucasus roads. Here specialists and workers have great problems due to the poor quality of technical training and the language barrier.

Work with personnel should begin long before they enter production, during their school years. It is here precisely that the personality of the Soviet citizen, a patriot of

railroad transport, should be formed. The collegium adopted a program to exchange instruction and training of personnel. It must be consistently put into action.

The resolutions of the 19th Party Conference and the July (1988) Plenum of the CPSU Central Committee have put forth great and complex tasks. A sharp rise in all the work is needed to fulfill them successfully. Above all, we must concentrate our efforts on fulfilling and overfulfilling the plan for the second six months and for 1988 as a whole.

The time for talking is over, said N.S. Konarev, Minister of Railways, in his concluding words. The program is precisely designated, and it must be put into practice and implemented.

The collegium has determined, what, who and in which periods things should be done in the main administrations of the Ministry of Railways and on the roads to put the program into action, and to whom the control is entrusted. Now the main thing is for the importance of carrying out what has been outlined to be realized by all the work collectives who now have broad rights and potentials for working better, more productively and more efficiently. The collectives of enterprises, shops, shifts, brigades and at each work place will determine the success of the five-year plan, and ultimately, the fate of restructuring.

Rolling Stock Turnaround, Repair Scored

18290016b Moscow GUDOK in Russian 20 Sep 88 p 1

[Article by O. Sidelnikov, senior assistant for the Volgograd Transport Procurator: "The Cars Stand There...Despite the Threatening Orders from the Ministry"]

[Text] Cars standing at the stations, laden and empty, flatcars, gondola cars, tank cars and covered rolling stock are a familiar and accustomed picture to many railroad workers. But few of them wonder: who do these cars belong to, where are they going, why are they standing there?

When the question turns to simple rolling stock, the mainline workers prefer to heap the blame for their woes on the consignors and consignees. They say that they are the main ones to blame, and because of them the transport plans are disrupted. This is actually true! These losses, however, in no way compare with those that we lose through the fault of the railroad workers themselves. This is also actually true, which was convincingly pointed out by the procurator's checks run by the Volgograd Transport Procurator.

They showed that above-norm idle times for expensive equipment in the overwhelming majority of cases resulted from numerous omissions in the activity of the station railroad workers, the car depots, the road divisions, its departments and the dispatcher personnel. This is precisely why hundreds of cars wait for days to be

turned over for freight operations and for cleaning up after them. Assignments to process local cars are regularly unfulfilled, which has already led to the division all over again, and to losses of over two million car-hours.

No matter how strange it seems, the command personnel of the division for some reason is not interested in worrying about this. There is no report made of the downtime of local cars permitted through the fault of the railroad. Meanwhile, it is quite disturbing.

For the collective of Volgograd-1 station, to take an example, it became an ordinary phenomenon not to have the rolling stock returned promptly, ready for shipping. This is well known to the workers of the transport division and its chief A. Sorokin. The directors of the station repeatedly appealed to him with a request to assign on the schedule a "note" about the arrival and departure of local freight. The department, however, does not want to burden itself with extra concerns. Many cars at the Chakhurnika station stand around waiting to be shipped off for over a day. One batch did not leave here for 14 days. What struggle can be waged against above-norm losses after this?

These problems are not solved in the best way at the Ilovlya-1, Beton, and other stations.

The car distributors also contribute their share, as they often direct an empty car without taking into consideration the processing potentials of the clientele, violating the conditions of the agreements concluded. Therefore, the loading resources are knowingly condemned to downtimes.

The fact that at most of the stations mentioned, the accounts are neglected or confused should be added to what has been said.

Let us take, for example, active-research work. In many ways its improvement depends on reducing the periods for delivering the loads. However, because of the delayed responses to telegrams, and sometimes due to the negligence of the railroad workers, these investigations continue for several days. This too proves to be completely unsuccessful.

At Ilovlya-1 station, car No 2390307, even after being secured by the consignor, was not sent off for 13 days, and because the load arrived without the corresponding documents, a total of over 1000 wagon hours have already been lost this year.

It seems improbable, but it is a fact: at the Volga station flat car No 42339279 was idle for six months, because it was not explained why it had been held back by mistake, since it had actually arrived empty. You can have as many similar examples as you want.

Recently the procurator made a check of the Sebyrakovo station and discovered yet another source of loss of car resources—the empty car dispatched was not suitable for the load. Obviously, certain workers in the division act according to the principle: "Bring down your fist and then we will investigate." They are bringing it down.

For example, out of 4,744 closed cars arriving here laden, almost half were rejected. Every eleventh cement carrier also turned out to be unsuitable for the load. There are cases when the stations imeni Maxim Gorkiy—the Volga, at Chelyabinsk the Southern Urals, Meria—the Transcaucasus—sent cars with whole consists requiring repair.

If one takes into consideration the fact that a considerable amount of time is taken for rejects, preparing the cars for the return trip and dispatching them for repair or washing, then by the most modest calculations the indicated station from the beginning of the year has already wasted over 60,000 car hours, not counting the time for idle runs, which also led to additional operating expenditures.

Just as many cases were discovered at other stations receiving empty cars, and the road divisions do not have the least idea of this, or pretend that they do not know anything. It is not difficult to close one's eyes to ugly things.

Despite the colossal losses, the station chiefs and the management of the division merely state them, relating them, so to speak, to production expenses and do practically nothing to bring order into the situation. With this state of affairs, there will be no freight resources!

On 30 December 1986, the ministry approved the methodology for determining the losses from the above-norm idle times. In accordance with this it was proposed that the guilty parties be drawn into material responsibility. These instructions remained merely a good intention, however, and the Volgograd division of the road did not fulfill, by the way, even the order by the chief of the road, specifying measures to reduce the unproductive idle times for the cars, about which some of the officials do not even know.

The situation that has formed, of lack of control and lack of responsibility, is having an extremely adverse effect on the other work indicators. Meanwhile, the cars stand there, and the state must bear the losses.

New Organization Services BAM Tunnels *18290017a Moscow GUDOK in Russian 31 Aug 88 p 1*

[Interview with V. Yankovskiy, past chief of Division No 18, Bamtonnelstroy, by G. Ulyanova, correspondent of the newspaper BAM: "BAM: There Is a Master in the Tunnels"; first paragraph is GUDOK introduction]

[Text] The first long distance tunnel of the structures has been created at the Severobaykal division of the Baykal-Amur Mainline. It will serve nine underground corridors

of BAM with a total length of over thirty kilometers. The new service is headed V. Yankovskiy, an experienced tunnel builder, and past chief of the Bamtonnelstroy detachment Number 18. He gave us a small interview.

[G. Ulyanova] Vladimir Mikhaylovich, many tunnels have been constructed for BAM, but no one seems to tend them.

[V. Yankovskiy] Yes, formerly the operation of these long-standing and very complex engineering structures was entrusted to specialists on the long-distance runs. This is true not only for BAM, but also for other roads. The track workers, of course, do not have the necessary knowledge and experience. The result is a sad one: the tunnels for example, of the Abakan-Tayshet line have deteriorated so much in twenty years that they need major repair. I consider the creation of our track system to be an example of restructuring that goes beyond railroad transport.

[G. Ulyanova] You have a great deal of construction work record to your credit—concreting the Nagornenskiy Tunnel, the passage to Severomyskiy. What heights have you outlined for your new collective?

[V. Yankovskiy] Quite different records are required here: great attentiveness and exactingness in inspecting and studying the "nature" of the tunnel. We regard the main task to be preventive maintenance, preventing possible trouble in the concreted section equipped with cable lines. For a start, however, there must be a radical change in the people's psychology.

[G. Ulyanova] Psychology?

[V. Yankovskiy] Yes, precisely so. After all, we have chosen specialists who formerly cleared the way along underground corridors with their hands. This is also correct: who could know a tunnel better than the person who built it? Whereas before, though, all their creative energy was directed toward accelerating the tunneling rates, for us, now, hurrying the work is extremely dangerous. Therefore, at all the meetings we have a conversation with the people concerning the fact that they should study their work very thoroughly and be ready for any unexpected occurrences and vagaries.

[G. Ulyanova] You speak of the tunnels as if they were living creatures...

[V. Yankovskiy] Yes, they remind me of huge and, alas, little protected beings, with their moods and defects. For example, the Baykal tunnel made the construction workers happy when it was born: the rocks were stable and the borehole was dry. Then it went into operation, and it seriously "fell ill": in winter it would form ice over the electrical equipment, and this is fraught with serious consequences. It needs "treatment." We will install powerful heaters at the western portal and will blow hot air through the tunnel.

[G. Ulyanova] What sort of climate do you need for normal work?

[V. Yankovskiy] In the first place, a minimal drop in temperature, but here on BAM it is very great. In the second place, you need a lack of water flowing through the tunnel lining. It is also very important that the temperature does not go below zero in the tunnel itself. Otherwise the freezing water will destroy the protective concrete. There are dozens of other requirements—the specialists know about these. But so far they do not know how to comply with them. Technologists have thoroughly examined the tunnels—but preventive maintenance and extremal repair—this has to be studied.

[G. Ulyanova] What are the primary tasks of your track division?

[V. Yankovskiy] Right now the main thing is to create a production base and the conditions for the normal work of the people. We are planning, in a short time, to provide them with the necessary equipment: timber, platforms, small mechanization devices and specialized ones, and this means compact, all-purpose ones. So far there is not much equipment of this type being produced in the country. This means that a mobile technological base to drive and repair tunnels has to be built with our own hands. It is accepted that all the starts will meet with the understanding and support services of the ministries, the administration of the Baykal-Amur Mainline and our division. Full freedom of initiative for a creative search has been granted. Just work!

[G. Ulyanova] You have not forgotten about daily life?

[V. Yankovskiy] We have been concerned about it from the the early days. For example, for the operators working the Baykal tunnel, we have equipped the every day wing with showers, a dining hall, and a sauna given to the building by the construction workers. I am convinced that for people working under the severe climatic conditions of BAM, the maximum comfort should be created. We will have these complexes at each tunnel. True, right now the contractors are not having an easy time, and many have to do a great deal themselves. We have already taken on auxiliary work and are installing hot-houses, so that we will have our own greens and vegetables almost all year round. We have set up the first beehives on the banks of the Baykal, alongside the tunnels on the cape, and next summer we will have honey. I think that the more we concern ourselves with our men, the stronger and more reliable our personnel will be.

[G. Ulyanova] Your work will probably increase when you turn over your largest tunnel to BAM—the Severomyskiy?

[V. Yankovskiy] Yes indeed. I was there recently. Despite the very severe mountain-geological conditions, the construction workers pierced a ten-kilometer corridor into the ridge. They still have five extremely difficult kilometers ahead of them. For example, tunnel detachment No 21, headed by H. Tverdokhlebov, tunneled dozens of large and small breaks. They are approaching the most treacherous one—100 meters away. There, on a cliff, under tremendous pressure, a mixture of water, sand and gravel is compressed. How much time will be required to pass through this zone, it is hard to say. Upon completing this structure for the Severomyskiy tunnel, however, the flow of trains will take over the railroad bypass from two small tunnels. It will be constructed at accelerated rates.

Safety, Hazardous Cargo Handling Examined
18290017b Moscow GUDOK in Russian 31 Aug 88 p 1

[Article by V. Chibisov: "When the Mistake is Irreparable"]

[Text] The explosion of the charged cargoes when the freight train was approaching the Arzamas station on the Gorkiy road, the discharge of chlorine from a tank car at the Annay station on the Central Asian road, fire from an explosion on the Far Eastern Railroad, the flow from a tank car of a toxic product near Yaroslavl, the fires when transporting explosion-hazardous cargoes near Obninsk in Moscow on the Moscow road, and on the Odessa roads....

This is far from a complete list of the cases and emergency situations which were introduced at the expanded session of the Collegium of the Ministry of Railways, which discussed measures to improve the organization of ensuring safety when dangerous cargoes are transported by rail.

Sometimes it seems that we operate by inertia. A mechanism was launched the day before yesterday, operated yesterday, why will it not operate today? This is tranquility. Then suddenly there is an incident, a shock. It is then that we suddenly think, and we see: there the instructions and rules have grown obsolete, here the local workers are acting just as negligently, so that it makes one wonder: how can they load something carelessly and send off hazardous cargo more easily than go visiting.... As T. Samedov, chief of service for container transport and commercial work on the Azerbaijan road expressed it: "Until the accident at Annay, we did not even think about what we were doing."

According to the MPS [Ministry of Railways] list, on this road, only three stations should be operating with charged loads. But when, after the explosion at Arzamas, the railroad workers checked this list against the actual situation, it turned out that the cargo had gone through 18 stations. In addition, many of them were in areas with densely populated housing masses, and urban transport

centers. It turns out that the consignors select the fronts for unloading without the knowledge of the railroad workers, without letting them know.

Indeed, the railroad workers themselves often ignore the danger and the established rules. The inscription on the car "Do not lower from a gravity yard," does not make one alert, but rather, is discerned as an attribute that has become familiar for rolling stock. They also take these cars from the grading stations directly into the train consist. Really, they know that causes danger with every bump, cargo shift, etc.

To ensure safety in transit, a great deal depends on how reliable the product packing is. The way, however, the consignors decide to "dress" their "explosives" can most often be called a covering against other's eyes rather than packing protection against blows, fires, accidents and wrecks.... Moreover, the consignors do not heed the requirements of the railroad workers concerning high-quality and safe packing. For example, transporting a calcium hypochlorite mixture in polyethylene sacks does not guarantee that it will be preserved and in a fireproof state in summer. Year after year, though, in May-June, when the need for disinfecting agents is particularly acute, the USSR Ministry of the Chemical Industry drives the Ministry of Railways into a deadlock. You want it or you do not want it, and the railroad workers are forced to put the lime into polyethylene packets, and even in nonpacketed form. USSR Gosstandart constantly gives permission concerning this method of transport. As a result—there are recurring fires in the cars due to the self-igniting nature of the calcium hypochlorite mixture: in June—at Krasnoyarsk, a month later—on the Odessa Railroads.... The situation is analogous with respect to delivering ethyl ether by the Ministry of Railways as opposed to shipping it in 20-liter bottles, since this packing does not protect the easily flammable liquid when the air temperature is heightened. Just one fire on the Alma-Ata road did two million rubles worth of damage to our national economy.

One also comes into collision with the fact that the consignors conceal the danger of their load, and its weight. During a check it was revealed that the documents indicated 18 kilograms, while the actual amount was 420. Striving to ship as much as possible predominated over common sense and regulations, which protect a shipment of this type of product in such mass. So far, the standard and technical conditions for the products permit extremely grave errors and nonconformities in the properties of the loads, and reduce its safety.

An important component in the safety ensurance system is reliable rolling stock. Its contents, however, and technical condition by no means always meet the requirements. As a check made showed, over half of the wagons dispatched cannot stand up to criticism; absence of fastenings and locks on the door apertures of the side hatches—over 36 percent; violations of the technical

conditions for moving and securing goods—20 percent; in 11 percent of the cars, the product explosion danger was traced directly to the remnants of freight transported earlier.....

The condition of the tracks underneath the trains also arouses serious concern. For example, G. Kryzhanovskiy, deputy chief of the Main Administration for Safety, reported that last year 63 wrecks and accidents occurred on tracks belonging to industrial enterprises. Over 30,000 car derailments have already been recorded this year. Over half of them were on the South Urals, Sverdlovsk, Kemerovo and other roads.

More about discharging duties, and discipline. The present collegium reviewed the course of fulfillment of the decisions of the board of the Ministry of Railways from 3 March of this year—according to the results of the investigation of train accidents for freight trains on the Northern Railroad, which had resulted in the escape of a toxic product. Then priority measures were outlined

to increase safety in shipping hazardous cargoes. Many roads, however, made only a formal approach to their fulfillment. The Volga, Gorkiy, Moscow, Kuybyshev and Central Asian roads continue to violate the rules of transport safety. So far, at the Yaroslavl-Main station, they have discovered on the routes special tank cars with a buffer complex, even though a few months ago the collegium made a decision prohibiting the launching of this rolling stock on the road.

Analysis shows that the main reasons for past accidents with dangerous freight are the violations in the requirements of the transport regulations committed by the freight consignors and railroad workers, resulting from their lack of knowledge, their negligence and poor executive and technological discipline.

The chairmen of many union ministries of national economy sectors took part in holding the meeting. Measures were outlined. But do they guarantee safety?

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